



DNB BOLIGKREDITT AS

(incorporated in Norway)

€60,000,000,000

Covered Bond Programme

Under this €60,000,000,000 Covered Bond Programme (the “**Programme**”), DNB Boligkreditt AS (the “**Issuer**”) may from time to time issue covered bonds issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-Chapter IV and appurtenant regulations (“**Covered Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Covered Bonds may be issued in bearer form (“**Bearer Covered Bonds**”), registered form (“**Registered Covered Bonds**”) or uncertificated and dematerialised book entry form cleared through the Norwegian Central Securities Depository, the Verdpapirsentralen (“**VPS**”), VP Securities Services (Værdipapircentralen A/S), the Danish central securities depository (“**VP**”), Nordic Central Securities Depository (NCS D Systems Aktiebolag), the Swedish central securities depository (“**VPC**”) and/or any other clearing system as may be specified in the applicable Final Terms (together the “**VP Systems Covered Bonds**”).

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €60,000,000,000 (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Prospectus relating to the maturity of certain Covered Bonds is set out in “Summary – Maturities”.

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under “Summary – Dealers” below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). References in this Prospectus to the “relevant Dealer” shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Covered Bonds.

Application has been made to the Commission de Surveillance du Secteur Financier (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the approval of this document as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) as amended (which includes the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”) to the extent that such amendments have been implemented in a Member State of the European Economic Area). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. In addition, application has been made to register the Programme on the SIX Swiss Exchange. Upon specific request, Covered Bonds (other than VP Systems Covered Bonds) issued under the Programme may then be listed on the SIX Swiss Exchange. References in this Prospectus to Covered Bonds being “listed” (and all related references) shall mean that such Covered Bonds are intended to be (i) admitted to trading on the Luxembourg Stock Exchange’s regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange or (ii) admitted to trading on the standard for bonds of the SIX Swiss Exchange, as the case may be. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments of 21 April 2004 (the “**Markets in Financial Instruments Directive**”).

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “**Terms and Conditions of the Covered Bonds**”) of Covered Bonds will be set forth in a Final Terms document (“**Final Terms**”) which, with respect to Covered Bonds to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF or, with respect to Covered Bonds to be listed on the SIX Swiss Exchange, will be delivered to the SIX Swiss Exchange.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue Covered Bonds which are not listed or admitted to trading on any market.

The Covered Bonds issued under the Programme are expected to be assigned an “AAA” rating by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“**Standard & Poor’s**”), an “Aaa” rating by Moody’s Investors Service Limited (“**Moody’s**”) and an “AAA” rating by Fitch Ratings Limited (“**Fitch**”). However, the Issuer may also issue covered bonds which are unrated or rated below “AAA” by Standard & Poor’s, “Aaa” by Moody’s and “AAA” by Fitch. Details of the ratings of the Covered Bonds will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Tranches of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the “**CRA Regulation**”) will be disclosed in the Final Terms. Please also refer to “Ratings of the Covered Bonds” in the “Risk Factors” in this Prospectus. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer has been assigned an “A+” rating by Standard & Poor’s and an “A+” rating by Fitch. Standard & Poor’s and Fitch are established in the European Union and are registered under the CRA Regulation. As such Standard & Poor’s and Fitch are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

The Issuer may agree with any Dealer that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds herein, in which event a supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

Prospective investors should have regard to the factors described under the section “Risk Factors” in this Prospectus.

Arranger
Barclays

Barclays
Commerzbank
DNB Bank
HSBC
NORD/LB

Dealers
BNP PARIBAS
Credit Suisse
DZ BANK AG
UniCredit Bank

BofA Merrill Lynch
Deutsche Bank
Goldman Sachs International
Landesbank Baden-Württemberg
UBS Investment Bank

This Prospectus constitutes a base prospectus (the “Prospectus”) for the purposes of Article 5.4 of the Prospectus Directive as amended (which includes the amendments made by the 2010 PD Amending Directive to the extent that such amendments have been implemented in a Member State of the European Economic Area).

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange’s regulated market will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu and from the registered office of the Issuer and the specified offices of the Paying Agents (as defined below) for the time being in London and Luxembourg.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

To the fullest extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Programme or the Covered Bonds or their distribution. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any other information provided by the Issuer in connection with the Programme and the Covered Bonds. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorised by the Issuer, the Dealers or the Arranger to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer, any of the Dealers or the Arranger that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer by or on behalf of the Issuer, any of the Dealers or the Arranger to any person to subscribe for or to purchase any Covered Bonds.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Arranger expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the documents

deemed incorporated herein by reference when deciding whether or not to purchase any Covered Bonds.

The Covered Bonds have not been, and will not be, registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act of 1933, as amended (the “Securities Act”) or pursuant to an exemption from the registration requirements of the Securities Act.

The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. None of the Issuer, the Dealers or the Arranger represents that this document may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Arranger which would permit a public offering of any Covered Bonds outside Luxembourg or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Covered Bonds come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the United States, the European Economic Area, the United Kingdom, Norway, Denmark, The Netherlands and Japan (see “Subscription and Sale” below).

The Bearer Covered Bonds of each Tranche (other than Swiss Domestic Covered Bonds) will initially be represented by a temporary global Covered Bond in bearer form (a “Temporary Bearer Global Covered Bond”) which will (i) if the temporary global Covered Bonds are intended to be issued in new global Covered Bond (“NGCB”) form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”); and (ii) if the temporary global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the “Common Depositary”) for Euroclear and Clearstream, Luxembourg. The Temporary Bearer Global Covered Bond will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Covered Bond in bearer form (a “Permanent Bearer Global Covered Bond”) or, in certain limited circumstances, Bearer Covered Bonds in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Bearer Global Covered Bond (other than Swiss Domestic Covered Bonds) either (i) is exchangeable (in whole but not in part) for definitive Covered Bonds upon not less than 60 days’ notice or (ii) is only exchangeable (in whole but not in part) for definitive Covered Bonds following the occurrence of an Exchange Event (as defined under “Form of the Covered Bonds”), all as further described in “Form of the Covered Bonds” below. In respect of each Tranche of Swiss Domestic Covered Bonds, unless otherwise specified in the applicable Final Terms the Issuer will deliver a permanent Global Covered Bond which will be deposited on or prior to the original issue date of the Tranche with SIX SIS AG, the Swiss Securities Services Corporation located in Olten, Switzerland (“SIX SIS AG” or the “Intermediary” which expressions shall include any other clearing institution recognised by the SIX Swiss Exchange).

Bearer Covered Bonds are subject to U.S. tax law requirements, and, subject to certain exceptions, may not be offered, resold or delivered within the United States to, or for the account or benefit of, United States persons. See “Subscription and Sale” below.

Unless otherwise provided with respect to a particular Series (as defined under “Terms and Conditions of the Covered Bonds”) of Registered Covered Bonds, the Registered Covered Bonds of each Tranche of such Series sold outside the United States in reliance on Regulation S under the Securities Act will be represented by a permanent global Covered Bond in registered form, without interest coupons (a “Reg. S Global Covered Bond”), deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) or common safekeeper as the case may be for the accounts of Euroclear and Clearstream, Luxembourg for the accounts of their respective participants or, in the case of Swiss Domestic Covered Bonds, deposited with the Intermediary and registered in the name of a nominee of the Intermediary. Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in the Reg. S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person except in accordance with Rule 144A, Rule 903 or 904 of Regulation S or pursuant to another applicable exemption from the registration requirements of the Securities Act. The Registered Covered Bonds of each Tranche of such Series sold in private transactions to qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act will be represented by a restricted permanent global covered bond in registered form, without interest coupons (a “Restricted Global Covered Bond”, and, together with a Reg. S. Global Covered Bond, “Registered Global Covered Bonds”), deposited with a custodian for, and registered in the name of a nominee of, DTC. Registered Covered Bonds in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Final Terms), be issued in exchange for interests in the Registered Global Covered Bonds upon compliance with the procedures for exchange as described in “Form of the Covered Bonds”.

Each Tranche of VP Systems Covered Bonds will be issued in uncertificated and dematerialised book entry form, as more fully described under “Form of the Covered Bonds” below. On or before the issue date of each Tranche of VP Systems Covered Bonds entries may be made with VPS, VP or VPC (as the case may be) to evidence the debt represented by such VP Systems Covered Bonds to accountholders with VPS, VP or VPC (as the case may be). VP Systems Covered Bonds will be issued in accordance with the laws and regulations applicable to such VP Systems Covered Bonds from time to time.

Registered Covered Bonds may be offered and sold in the United States exclusively to persons reasonably believed by the Dealers to be QIBs (as defined herein). Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

The Issuer has agreed that, for so long as any Covered Bonds are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Registered Covered Bonds are not transferable to other holders within the United States except upon satisfaction of certain conditions as described under “Subscription and Sale”.

The Covered Bonds have not been recommended by or approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any other federal or state securities commission in the United States nor has the SEC or any other federal or state securities commission confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Covered Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable federal or state securities laws pursuant to a registration statement or an exemption from registration. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

All references in this document to “U.S. dollars”, “U.S.\$” and “\$” refer to United States dollars, those to “CHF” refer to Swiss Francs, those to “NOK” refer to Norwegian kroner, those to “DKK” refer to Danish kroner, those to “SEK” refer to Swedish kronor, those to “Yen” refer to Japanese yen, those to “Sterling” and “£” refer to pounds sterling and those to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the CSSF, shall be incorporated in, and form part of, this Prospectus:

- (a) the audited annual financial statements of the Issuer for each of the financial years ended 31 December 2010 and 31 December 2011, including the information set out at the following pages of the Issuer's 'Annual Report 2010' and 'Annual Report 2011'. The audited annual financial statements of the Issuer for the year ended 31 December 2010 were prepared in accordance with Norwegian Accounting Regulations regarding "simplified application of International Financial Reporting Standards according to the Norwegian Ministry of Finance's regulations on Annual Accounts Section 1-5" ("**Norwegian IFRS Regulations**"). On 1 January 2011 the Issuer changed its accounting policies to comply with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and the audited annual financial statements of the Issuer for the year ended 31 December 2011 were prepared in accordance with IFRS:

	<i>2010</i>	<i>2011</i>
Income statement/Comprehensive income	page 7	page 6
Balance sheets	page 8	Page 7
Statement of changes in equity	page 9	page 8
Cash flow statements	page 10	page 9
Accounting principles and explanatory notes	pages 11-43	pages 10-37
Auditors' report	page 44-45	Page 38-39

- (b) the unaudited interim financial statements of the Issuer as at, and for the period ended, 31 March 2012 including the information set out at the following pages of the Issuer's 'First Quarter Report 2012':

Comprehensive income	page 4
Balance sheets	page 5
Statement of changes in equity	page 6
Cash flow statement	page 7
Accounting principles and explanatory notes	pages 8-18

The interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting,

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

Following the publication of this Prospectus a supplement to the Prospectus may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the Luxembourg Stock Exchange's website at www.bourse.lu and, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg.

In the event of any significant new factor arising or any material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Covered Bonds or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Covered Bonds, the Issuer will prepare and publish a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Covered Bonds. Furthermore, the Issuer has undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale”) that it will, in connection with the listing of the Covered Bonds on the Luxembourg Stock Exchange, so long as any Covered Bond remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Prospectus, prepare and publish a further supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of the Covered Bonds to be listed on the Luxembourg Stock Exchange.

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In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

SUMMARY

The following is a brief summary only and should be read in conjunction with the rest of this Prospectus and, in relation to any Covered Bond, in conjunction with the applicable Final Terms and, to the extent applicable, the Terms and Conditions of the Covered Bonds set out herein. Any decision to invest in the Covered Bonds should be based on a consideration of the Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Person in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Information relating to the Issuer:

Description:	DNB Boligkreditt AS, a limited company incorporated under the laws of the Kingdom of Norway and originally established as a finance company on 14 June 2003 with registration number 985 621 551. The registered office of the Issuer is at Kirkegaten 21 c/o DNB Bank ASA N-0021 Oslo Norway. The telephone number of the Issuer is + 47 91503000. On 9 May 2007, the Issuer was granted licence to become a mortgage credit institution by the Norwegian Financial Supervisory Authority.
Business of the Issuer:	The Issuer specialises in mortgage lending in Norway. The Issuer is incorporated and domiciled in Norway and is a member of the DNB group (the “ Group ”), Norway’s largest financial services group.

Information relating to the Programme

Description:	Covered Bond Programme
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC BNP Paribas Commerzbank Aktiengesellschaft Credit Suisse Securities (Europe) Limited Deutsche Bank Aktiengesellschaft DNB Bank ASA DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC France Landesbank Baden-Württemberg Merrill Lynch International Norddeutsche Landesbank Girozentrale UniCredit Bank AG UBS Limited
Fiscal Agent, Transfer Agent and Exchange Agent:	Citibank, N.A.
Registrar:	Citigroup Global Markets Deutschland AG
Luxembourg Paying Agent:	Deutsche Bank Luxembourg S.A.
VPS Account Manager:	DNB Bank ASA, <i>Verdipapirservice</i>

VP Systems Account Manager:	DNB Bank ASA, <i>Verdipapirservice</i> in its capacity as the VPS Account Manager and/or any other agent appointed by the Issuer from time to time in relation to the VP Systems Covered Bonds.
Size:	Up to €60,000,000,000 (or its equivalent in other currencies calculated as described in “General Description of the Programme”) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Euro, Sterling, U.S. dollars, Swiss Francs, Yen, Norwegian kroner, Danish kroner, Swedish kronor and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer (each a “ Specified Currency ”).
Redenomination:	The applicable Final Terms may provide that certain Covered Bonds may be redenominated in euro.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity as agreed between the Issuer and the relevant Dealer(s).
Issue Price:	Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer form, registered form or, in the case of VP Systems Covered Bonds, uncertificated and dematerialised book entry form, as described in “Form of Covered Bonds” below. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title. Entitlements to VP Systems Covered Bonds will be evidenced by the crediting of VP Systems Covered Bonds to accounts with the relevant VPS, VP or VPC (as the case may be). Each Tranche of Bearer Covered Bonds (other than Swiss Domestic Covered Bonds) will be initially represented by a Temporary Bearer Global Covered Bond which will (i) if the global Covered Bonds are intended to be issued in NGCB form, as specified in the applicable Final Terms, be delivered on or prior to the Issue Date to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the Issue Date to a Common Depositary for Euroclear and Clearstream, Luxembourg. The Temporary Bearer Global Covered Bond will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Bearer Global Covered Bond or Bearer Covered Bonds in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. In respect of each Tranche of Swiss Domestic Covered Bonds, unless otherwise specified in the applicable Final Terms, the Issuer will deliver a permanent global Covered Bond which will be deposited on or prior to the original issue date of the Tranche with the Intermediary.

	Bearer Covered Bonds will not be exchangeable for Registered Covered Bonds and <i>vice versa</i> .
Clearing Systems:	Euroclear, Clearstream, Luxembourg, DTC, VP, VPS, VPC and/or SIX SIS AG and/or, in relation to any Tranche of Covered Bonds, any other clearing system as may be specified in the relevant Final Terms.
Status of the Covered Bonds:	The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the “ Financial Institutions Act ”) and rank <i>pari passu</i> among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and related derivative agreements are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank <i>pari passu</i> with the unsecured and unsubordinated obligations of the Issuer. In the event of the Issuer’s bankruptcy, the costs of such bankruptcy will rank ahead of a claim for payment of the Covered Bonds. See also “ <i>Summary of Norwegian legislation relating to Covered Bonds</i> ”.
Fixed Rate Covered Bonds:	Covered Bonds may provide for interest based on a fixed rate (“ Fixed Rate Covered Bonds ”). Interest will be payable on Fixed Rate Covered Bonds on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).
Floating Rate Covered Bonds:	Covered Bonds may provide for interest based on a floating rate (“Floating Rate Covered Bonds”). Floating Rate Covered Bonds will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds.

Index Linked Covered Bonds: Covered Bonds may provide for payments of interest to be linked to an index ("**Index Linked Interest Covered Bonds**") or redemption amounts to be linked to an index ("**Index Linked Redemption Covered Bonds**"). Payments of principal in respect of Index Linked Redemption Covered Bonds or of interest in respect of Index Linked Interest Covered Bonds will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Partly Paid Covered Bonds: Covered Bonds may be issued partly paid ("**Partly Paid Covered Bonds**"). Interest will be payable only in respect of the amount paid-up on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Covered Bonds and Index Linked Interest Covered Bonds: Floating Rate Covered Bonds and Index Linked Interest Covered Bonds may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Dual Currency Covered Bonds: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Zero Coupon Covered Bonds: Covered Bonds may provide that no interest is payable ("**Zero Coupon Covered Bonds**"). Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate the scheduled maturity date of such Covered Bonds (the "**Maturity Date**") and will also indicate whether such Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or that such Covered Bonds will be redeemable at the option of the Issuer ("**Issuer Call**") and/or at the option of the Covered Bondholders ("**Investor Put**")), in each case upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Covered Bondholders or the Issuer, as the case may be, on a date or dates specified in the applicable Final Terms, at the maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Extended Maturity Date:

The applicable Final Terms will provide that an Extended Maturity Date applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.

As regards redemption of Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the maturity of the principal amount outstanding of the Covered Bonds not redeemed will automatically extend on a monthly basis up to but, not later than, the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms.

As regards interest on Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter), the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date and will be payable in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date in arrear or as otherwise provided for in the applicable Final Terms on each Interest Payment Date after the Maturity Date at the rate provided for in the applicable Final Terms.

In the case of a Series of Covered Bonds to which an Extended Maturity Date so applies, those Covered Bonds may for the purposes of the Programme be:

- (a) Fixed Interest Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds, Index Linked Interest Covered Bonds or Dual Currency Covered Bonds in respect of the period from the Issue Date to (and including) the Maturity Date; and
- (b) Fixed Interest Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or Dual Currency Covered Bonds in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date,

as set out in the applicable Final Terms.

In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total

	amount otherwise payable by the Issuer but unpaid on the relevant Covered Bonds on the Maturity Date.
Denomination of Covered Bonds:	Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue) or such other amount as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.
Taxation:	All payments in respect of the Covered Bonds will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Norway, subject as provided in Condition 6 (Taxation). All payments in respect of the Covered Bonds will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 4(b) (<i>Payments Subject to Fiscal and Other Laws</i>).
Negative Pledge:	The Covered Bonds will not contain a negative pledge provision.
Cross Default and other Events:	The Covered Bonds will not contain a cross-default of Default provision or any other events of default entitling holders of Covered Bonds to demand immediate redemption.
Issuer Covenants	Pursuant to the Conditions, the Issuer covenants in favour of the Covered Bondholders in connection with the value and maintenance of the Issuer Cover Pool and its compliance with certain other key obligations imposed on it under the Financing Legislation (see Condition 11 (Issuer Covenants)). Covered Bondholders do not have any rights of acceleration under the Conditions of the Covered Bonds in the event that the Issuer breaches any of the covenants given under them (see “<i>Cross Default and other Events</i>” above). In those circumstances, Covered Bondholders will be entitled to bring a claim against the Issuer directly in respect of such breach. <i>Assets included in the Issuer Cover Pool may not, according to the Financing Legislation, be pledged or be subject to execution, attachment or other enforcement proceedings in favour of particular creditors of the Issuer, and nor may a right of set-off, right of retention or the like be declared an asset included in the Issuer Cover Pool, unless otherwise permitted under the Financing Legislation.</i>
Approval, Listing and Admission to Trading:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock

Exchange.

Applications may be made to list VP Systems Covered Bonds on the Oslo Stock Exchange, Copenhagen Stock Exchange and/or Stockholm Stock Exchange (as the case may be). Any such applications will be in accordance with applicable laws and regulations governing the listing of VP Systems Covered Bonds on the Oslo Stock Exchange, Copenhagen Stock Exchange and/ or Stockholm Stock Exchange (as the case may be), from time to time.

In addition, application has been made to register the Programme on the SIX Swiss Exchange. Upon specific request, Covered Bonds issued under the Programme may then be listed on the SIX Swiss Exchange.

Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Covered Bonds which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Covered Bonds and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 2 and Condition 11 will be governed by, and construed in accordance with, Norwegian law.

VP Systems Covered Bonds must comply with the relevant regulations and legislation (as amended from time to time) of VPS, VP or VPC (as the case may be) and the holders of VP Systems Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Danish, Norwegian or Swedish regulations and legislation.

Selling Restrictions:

There are selling restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area, the United Kingdom, Norway, Denmark, Sweden, The Netherlands and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds. See "Subscription and Sale" below.

United States Selling Restrictions:

For United States securities law only, the Issuer is a Category 2 issuer under Regulation S. Bearer Covered Bonds will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the "**D Rules**") or 1.163-5(c)(2)(i)(C) (the "**C Rules**"), unless the Bearer Covered Bonds are issued in circumstances in which the Bearer Covered Bonds will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Covered Bonds issued under the Programme. These are set out under "Risk Factors" on page 17 below and include risks relating to the Issuer's ability to fulfil its obligations under the Covered Bonds, the Norwegian mortgage market, factors which are material for the purpose of assessing market risks associated with the Covered Bonds and risks related to the market generally.
Issuer's other programmes:	In addition to the Programme, the Issuer has an active U.S. \$12,000,000,000 covered bond programme (the "U.S. Programme") pursuant to which it has issued, and may further issue, covered bonds denominated in any currency. Under the terms of the U.S. Programme, the Issuer will issue Covered Bonds to the Covered Bondholders on each Issue Date. The Covered Bonds will be unsubordinated obligations of the Issuer and rank <i>pari passu</i> among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to Chapter 2, sub-chapter IV of the Financial Institutions Act. It is the Issuer's intention to use the U.S. Programme as a funding platform to issue Covered Bonds pursuant to and in reliance on Rule 144A of the Securities Act. In May 2011, the Issuer established a separate A\$4,000,000,000 covered bond programme (the "AUS Programme") pursuant to which it has issued, and may further issue, covered bonds normally denominated in Australian dollars. Covered bonds issued under the AUS Programme will be issued in accordance with the law in force in New South Wales, Australia (with a few exceptions where Norwegian Law is the governing law). All covered bonds issued under the AUS Programme and related derivatives will rank <i>pari passu</i> with those issued under the Programme and the U.S. Programme. All Covered Bonds issued by the Issuer under the Programme, covered bonds issued under the U.S. Programme and the AUS Programme and any other mortgage covered bonds issued by the Issuer have, and will have, the benefit of a statutory preference under the Financial Institutions Act over a single Cover Pool maintained by the Issuer.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Covered Bonds for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks Relating to the Covered Bonds

The Covered Bonds may not be a suitable investment for all investors

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Covered Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Covered Bonds are obligations of the Issuer only

The Covered Bonds will constitute obligations of the Issuer only which have the benefit of a statutory preference under Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the "**Financial Institutions Act**") on the pool of assets maintained by the Issuer (the "**Cover Pool**"). An investment in the Covered

Bonds involves a reliance on the creditworthiness of the Issuer. The Covered Bonds are not guaranteed by DNB Bank or any member of the DNB Group or any other person.

In addition, an investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds.

There can be no assurance that the Cover Pool will be sufficient to pay in full the amounts payable under the Covered Bonds.

Credit ratings may not reflect all risks

It is expected that Fitch, Moody's and S&P will assign credit ratings of AAA, Aaa and AAA respectively to the Covered Bonds to be issued under the Programme. There is no guarantee that such ratings will be assigned or maintained or that such credit ratings reflect the potential impact of all risks related to an investment in the Covered Bonds. Accordingly, a credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be revised or withdrawn by the relevant rating agency at any time. Any such revision or withdrawal could adversely affect the market value of the Covered Bonds. The Issuer may, at any time, vary the rating agencies from whom credit ratings of the Covered Bonds are obtained or reduce the aggregate number of credit rating agencies from whom credit ratings of the Covered Bonds are obtained from three to two.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus and/or the Final Terms, is set out in the first page of this Prospectus and will be disclosed in the Final Terms.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk

Interest rate risk occurs when the interest rate payable on assets and liabilities for a fixed period do not coincide. Investments in Covered Bonds with fixed interest involves a risk that subsequent changes in market interest rates may adversely affect the value of fixed interest Covered Bonds. Investments in Covered Bonds with floating interest involve a risk of adverse changes in the interest rate payable on the Covered Bonds.

Liquidity risk

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop for the Covered Bonds, it may not be very liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Any such illiquidity may have an adverse effect on the market value of Covered Bonds.

The Covered Bonds have not been, and will not be, registered under the Securities Act and they are subject to certain restrictions on the resale and other transfer thereof as set forth under "Subscription and Sale".

Lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds

Generally weak global credit market conditions could contribute to a lack of liquidity in the secondary market for instruments similar to the Covered Bonds. In addition, the current liquidity crisis has limited the primary market for a number of financial products, including instruments similar to the Covered Bonds. While some measures have been taken by governments, there can be no assurance that the market for securities similar to the Covered Bonds will recover at the same time or to the same degree as such other recovering global credit market sectors.

A failure of the market for securities similar to Covered Bonds to recover could adversely affect the market value of the Covered Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Covered Bonds are legal investments for it, (ii) Covered Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

No gross-up

Under the Terms and Conditions of the Covered Bonds, all payments in respect of the Covered Bonds will be made without deduction for or on account of withholding taxes imposed by the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law, in which case such deduction will be made by the Issuer.

In the event that any such withholding or deduction is required by law, the Terms and Conditions require the Issuer to pay additional amounts in respect of such withholding or deduction subject to customary exceptions (see Condition 6, (*Taxation*)). If the withholding or deduction arises as a result of one of the circumstances described in paragraphs (i) to (v) of Condition 6, the Issuer will not be required to pay such additional amounts and affected investors will receive interest payments

net of such withholding. If however the Issuer is required to pay additional amounts, it will have the option under Condition 5(b) (*Redemption for Tax Reasons*) to redeem the relevant Covered Bonds early.

No events of default

The Terms and Conditions of the Covered Bonds do not include any events of default relating to the Issuer, the occurrence of which would entitle Covered Bondholders to accelerate the Covered Bonds, and Covered Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the Terms and Conditions of the Covered Bonds.

Covered Bonds issued under the Programme

Covered Bonds issued under the Programme (save in respect of the first issue of Covered Bonds) will either be fungible with an existing Series of Covered Bonds or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other and with any other Covered Bonds which may be issued by the Issuer in accordance with the Financial Institutions Act.

Meetings of Covered Bondholders

The Terms and Conditions of the Covered Bonds contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Covered Bondholders, including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority. Certain significant modifications may be made following approval of a quorum of one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding, including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds.

Conflicting interests of other creditors

Although the rights of the holders of Covered Bonds (along with the holders of covered bonds issued under the U.S. Programme, the AUS Programme and any other mortgage covered bonds issued by the Issuer) and the counterparties to derivatives agreements included in the Cover Pool have a preferential right with respect to such other creditors against the Cover Pool, they will rank junior to (i) costs incurred in connection with the operation, management, collection and realisation of the Cover Pool, which will be covered before the claims of the holders of Covered Bonds, and (ii) claims relating to the fees and expenses of a bankruptcy estate which, pursuant to the Norwegian Liens Act, are secured by a first priority lien over all of the bankruptcy estate's assets. Such liens will be limited to 700 times the standard Norwegian court fee (approximately NOK 602,000) in respect of each Cover Pool.

To the extent that Covered Bondholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to apply for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool. The Covered Bondholders would in such case rank *pari passu* with any other covered bondholders (including those under the U.S. Programme and the AUS Programme), providers of Covered Bond Swaps and the other unsecured, unsubordinated creditors of the Issuer and, as a result, may not receive all amounts owed by the Issuer to such Covered Bondholders.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of

payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer or any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Covered Bond as a result of the imposition of such withholding tax. In the case of Covered Bonds (which are not Swiss Domestic Covered Bonds), the Issuer is obliged to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Covered Bonds characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Covered Bonds characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. In addition, pursuant to the Conditions of the Covered Bonds, the Issuer may issue further Covered Bonds in respect of any Series of Covered Bonds already issued such that the further Covered Bonds shall be consolidated and form a single Series with the outstanding Covered Bonds. An issue of such further Covered Bonds after 31 December 2012 that will be consolidated and form a single Series with, and have the same operational identification numbers as, outstanding Covered Bonds issued on or before 31 December 2012 may result in such outstanding Covered Bonds also being subject to withholding.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii) any FFI that is an investor, or through which payment on such Covered Bonds is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Covered Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change.

The application of FATCA to Covered Bonds issued after 31 December 2012 (or whenever issued, in the case of Covered Bonds treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

Risks relating to the Issuer

Legal risks

The Issuer's business operations are governed by law and regulations and are subject to supervision by the NFSA. Any changes to the current legislation (in particular, legislation relating to the issuance of covered bonds) could adversely affect the Issuer's business operations and its operating results and could impair the Issuer's ability to perform its obligations under the Covered Bonds.

Business conditions and economic activity in Norway

The residential mortgage lending activities financed or undertaken by the Issuer are dependent on the level of finance required by residential borrowers in Norway. In particular, levels of borrowing are heavily dependent on residential property prices, employment trends, the state of the economy, interest rates, taxation, mortgage borrowers' financial condition and other factors that affect the Norwegian economy. As the Issuer and DNB Bank currently conduct the majority of their business in Norway, their performance is influenced by the level and cyclical nature of business activity in Norway, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a weakening in the economy of Norway will not have an adverse effect on the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Risks relating to the Norwegian mortgage market

A combination of increasing household indebtedness and stable or declining housing prices in Norway could increase the financial vulnerability of some Norwegian mortgage borrowers, especially young and/or low-income borrowers. Norwegian customers have historically demonstrated a preference for floating rate mortgages and increases in interest rates could weaken the liquidity situation of certain borrowers. An increase in household indebtedness, a decline in house prices or an increase in interest rates could have an adverse effect on mortgage borrowers' ability to meet their mortgage obligations and could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Competition

The Issuer and DNB Bank face intense competition in the residential mortgage market in Norway, primarily from financial institutions based in Norway and the Nordic region. Certain of the Issuer's and DNB Bank's competitors may be larger and better capitalised than they are. The Issuer and DNB Bank may face pricing pressure in certain areas of their operations in the future as competitors seek to increase market share by reducing prices or offering new services at low prices. The Norwegian banking market in particular has witnessed intensifying competition, which has resulted in narrower lending spreads and could make it more difficult for the Issuer to originate new residential Mortgage Loans that meet the eligibility criteria under the Norwegian covered bond legislation. There can be no assurance that existing or increased competition in the Norwegian banking sector will not adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Credit risks relating to the Issuer's collateral

Given that the Issuer's loans are granted with mortgages on residential real estate as collateral, the credit risk is driven in part by performance of the real estate and housing market in Norway. There can be no assurance regarding the future development of the value of this collateral.

Should the prices of real property and the housing market substantially decline, this could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

There are many circumstances that affect the level of credit loss, including early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes. Borrowers may default as a result of interest rate increases or as a result in changes in their own personal circumstances (e.g. following redundancy or divorce).

If residential real estate comprising the collateral is foreclosed upon, and the defaulting debtor does not respond to a notice to pay within two weeks, a court order may be needed to establish the borrower's obligation to pay and to force an auction or public sale of the foreclosed property. The Issuer's ability to liquidate the collateral is thus dependent upon receipt of a court order, on the success of the auction or public sale process, on other relevant circumstances in the mortgage market and on prevailing levels of demand for the relevant real property.

Default in respect of the Issuer's assets that comprise the Cover Pool could jeopardise the Issuer's ability to make payments in full or on a timely basis on the Covered Bonds. If a material amount of assets in the Cover Pool were to default, there is no guarantee that the required level of assets within the Cover Pool could be maintained or that the Issuer would be able to substitute non-defaulting assets for the defaulting assets. Any such failure could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Risk related to the Servicer's obligations

The Mortgage Loans contained in the Cover Pool are serviced by DNB Bank on behalf of the Issuer in accordance with the Service Agreement. The bankruptcy of DNB Bank, as Servicer, would require a new servicer to be appointed. The transfer of the servicing function to a new servicer may result in delays and/or losses in collections under the Mortgage Loans.

The Issuer is reliant on DNB Bank to service all Residential Mortgages it owns and, although future Residential Mortgages may be purchased from other Sellers who may then service the Residential Mortgages they have sold to the Issuer, any such Sellers are expected to be members of the DNB Group. Although all servicing arrangements will contain a right on the part of the Issuer to terminate upon material breach by the servicer, default on the part of DNB Bank or other members of the DNB Group could create operational and administrative difficulties for the Issuer and could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

No due diligence

The Issuer has not undertaken, nor will it undertake, any investigations, searches or other actions in respect of the loans and other assets originated by DNB Bank contained or to be contained in the Issuer's Cover Pool, but instead fully relies on the warranties of DNB Bank under the Master Sale Agreement and/or Service Agreement. Accordingly, there can be no assurance that mortgages actually in the Cover Pool at any given time complied, at the time of transfer into the Cover Pool, with the applicable eligibility criteria.

Impact of regulatory changes

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Norway and in each other jurisdiction in which the Issuer carries on business. Changes in supervision and regulation, in particular in Norway, could materially affect the Issuer's business or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer. Any such changes could adversely affect the Issuer's results of

operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Risks related to the Cover Pool

Non-compliance with rules relating to matching of assets and liabilities

The Financial Institutions Act requires the value of the assets in the Cover Pool to at all times exceed the value of the claims on the Cover Pool. Because the Financial Institutions Act does not require that the value of such assets exceed the value of such claims by any specific amount, the assets may not be sufficient to ensure that the Issuer will have sufficient cash flow to meet its obligations under the Covered Bonds, or that such collateral will have the intended effect. Failure to maintain sufficient assets in the Cover Pool could result in the Issuer being unable to issue further Covered Bonds or refinance existing Covered Bonds.

Bankruptcy of the Issuer

In the event of bankruptcy of the Issuer, the Issuer expects that timely payments will be made on the Covered Bonds provided the Cover Pool is essentially in compliance with the statutory requirements. There can be no assurance, however, that such timely payments will be made. The bankruptcy administrator and the creditors' committee (the "**Creditors' Committee**", which is appointed by the Norwegian bankruptcy court and may consist of between one and three court appointed members) may take any action considered necessary to ensure that the holders of the Covered Bonds and the swap providers receive timely payment on the Covered Bonds and any swaps, including selling assets in the Cover Pool and issuing new Covered Bonds and entering into new derivative instruments with a right of priority in respect of the assets in the Cover Pool. If the Issuer is unable to make the contractual payments due to Covered Bondholders and swap providers, the Creditors' Committee will set a date to halt payments. When a halt to payments is introduced, further administration of the Issuer will continue in accordance with Norwegian bankruptcy law. The Creditors' Committee will inform the Covered Bondholders and, if applicable, the swap providers at the earliest opportunity of any such halt to payments and the date on which such halt to payments will be introduced, and it will consult with them in relation to any material decisions in respect thereof. A creditor who disagrees with a decision made by the bankruptcy administrator and the Creditor's Committee may appeal such decision to the bankruptcy court.

The amount of claims with a right of priority over the assets in the Cover Pool will be calculated as at the date on which the halt to payments was introduced. The calculation will represent the discounted value of the relevant claim.

To the extent that Covered Bondholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to apply for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool. The Covered Bondholders would in such case rank *pari passu* with any other covered bondholders (including those under the U.S. Programme and the AUS Programme), providers of Covered Bond Swaps and the other unsecured, unsubordinated creditors of the Issuer and, as a result, may not receive all amounts owed by the Issuer to such Covered Bondholders.

The Cover Pool consists of limited assets

The Cover Pool consists of loans which are secured on interests in residential property, claims which the Issuer holds, or may acquire, against providers of Covered Bond Swaps and certain substitute assets. All assets in the Cover Pool must comply with the terms of the Financial Institutions Act and the *Forskrift 25. mai 2007 nr. 550 om kredittforetak som utsteder obligasjoner med fortrinnsrett i en sikkerhetsmasse bestående av offentlige lån, utlån med pant i bolig eller annen fast eiendom* (the "**Regulations**"). In particular, the Regulations determine the maximum loan-to-value ratio of mortgages at the point they are included in the Cover Pool (at the date of this Prospectus, the

value is 75 per cent. of the prudent market value in the case of Residential Mortgages). At the date of this Prospectus, all of the properties over which mortgages are created are in Norway. The value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Norway, which could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Limited description of the Cover Pool

Save as contemplated by each Final Terms, Covered Bondholders will not receive detailed statistics or information in relation to the Residential Mortgages or other assets contained or to be contained in the Issuer's Cover Pool, as it is expected that the constitution of the Cover Pool may change from time to time due to, for example, the purchase or origination of further Residential Mortgages by the Issuer from time to time. Although an independent inspector appointed under the Financial Institutions Act will monitor the Issuer's compliance with some of the requirements of the Financial Institutions Act, the report of such inspector is not publicly available.

Overcollateralisation

As there is a maximum loan-to-value ratio of 75 per cent. when a Residential Mortgage is acquired or originated by the Issuer, the value of the security held by the Issuer in respect of an individual loan obligation is initially overcollateralised. However the value of the collateral security may reduce over time as a result of falling property values.

As at 31 March 2011, the Issuer had approximately NOK 5.3 billion of loans that were not included in the Cover Pool but were owned by the Issuer. These loans represent mortgage loans that have been sold to the Issuer but were not eligible to be included in the Cover Pool, for example due to some mortgage loans being transferred before the Financial Institutions Act was finalised and those mortgage loans not satisfying the final eligibility criteria. These ineligible mortgage loans are funded by the Issuer from equity, subordinated debt or the overdraft facility, in each case provided by DNB Bank. In the event of bankruptcy of the Issuer, the Covered Bondholders' claim on these assets which do not comprise part of the Cover Pool would not have a priority status and the Covered Bondholders would rank, against these assets only, *pari passu* with all other unsubordinated creditors of the Issuer.

To satisfy rating requirements for the rating agencies rating the Covered Bonds, the Issuer draws on an overdraft facility from DNB Bank to ensure that, at the time of issue, the Covered Bonds benefit from structural subordination of amounts drawn under such overdraft facility, as such amounts do not rank as priority claims on the Cover Pool. There is no certainty that the liquidity facility from DNB Bank will continue for the life of the Covered Bonds. To the extent that such overdraft facility does not continue, the amount of overcollateralisation of the Cover Pool could be reduced which could adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Geographic Concentration Risks

Certain geographic regions of Norway from time to time will experience weaker regional economic conditions and housing markets or be directly or indirectly affected by natural disasters or civil disturbances. Mortgage Loans in such areas will experience higher rates of loss and delinquency than Mortgage Loans generally.

The ability of borrowers to make payments on the Mortgage Loans may also be affected by factors which do not necessarily affect property values, such as adverse economic conditions generally in particular geographic areas or industries, or affecting particular segments of the borrowing community (such as borrowers relying on commission income and self-employed borrowers). Such occurrences may accordingly affect the actual rates of delinquencies, foreclosures and losses with respect to the Mortgage Loans in the Cover Pool.

The Mortgage Loans underlying certain series of Covered Bonds may be concentrated in certain regions. Such concentration may present the risk considerations described above in addition to those generally present for similar securities without such concentration.

Appraisals

Appraisals or valuation of the properties securing the Mortgage Loans take one of three forms: (1) in the case of a loan to finance (rather than refinance) the acquisition of a property, the transaction sale price determines the valuation for mortgage lending purposes, (2) an independent appraisal conducted by a licensed appraiser or an estate agent is obtained or (3) a valuation from *Eiendomsverdi*, an automated valuation model provider which compiles information on nearly all residential property transactions in Norway, is used. Such an automated valuation model does not consider the current state or physical condition of a property, which may in actuality be worse than the condition assumed by such model. For the ongoing valuation of the collateral underlying the Cover Pool, which takes place quarterly for investor information and rating agency reporting purposes, the automated valuation model is used.

In the case of those Mortgage Loans for which an appraisal conducted by a licensed appraiser or estate agent was used, such appraisal reflects the individual appraiser or estate agent's judgment as to value, based on the market values of comparable homes sold within the recent past in comparable nearby locations and on the estimated replacement cost.

No assurance can be given that values of the properties underlying the Mortgage Loans have remained or will remain at the levels which existed on the dates of appraisal (or, where applicable, on the dates of appraisal updates) of the related Mortgage Loans.

The appraisal relates both to the land and to the structure; in fact, a significant portion of the appraised value of a property may be attributable to the value of the land rather than to the residence. Because of the unique locations and special features of certain properties, identifying comparable properties in nearby locations may be difficult. The appraised values of such properties will be based to a greater extent on adjustments made by the appraisers to the appraised values of reasonably similar properties rather than on objectively verifiable sales data. As a result, such appraisals could be more likely to overvalue certain properties and therefore overstate the value of the collateral underlying the Cover Pool.

Audit of the Cover Pool

The Issuer conducts no audits of the Cover Pool. Furthermore, none of DNB Bank, the Arranger or any Dealer has conducted any audit of the Cover Pool.

Risks related to Hedging Arrangements

The Issuer may enter into currency swaps and/or interest rate swaps in order to hedge certain risks that exist in respect of the Cover Pool and the Covered Bonds.

If either the Issuer or a swap provider fails to make timely payments of amounts due under the Covered Bond Swaps, or certain other events occur in relation to either the Issuer or a swap provider and any applicable grace period expires, then a termination event will occur under the relevant swap agreement. If the Issuer defaults under a swap agreement due to non-payment or otherwise, the relevant swap provider will not be obliged to make further payments under that swap (unless the Issuer has satisfied in full all its payment or delivery obligations under the relevant swap agreement) and may terminate the swap(s) entered into under that swap agreement. If a swap agreement is terminated for any of these reasons, the Issuer will be exposed to changes in currency exchange rates and/or interest rates. Unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

Further, if the Issuer has introduced deferral of payment mechanics into the swaps and the substitute assets available to the Issuer on a payment date are insufficient to make the payment ordinarily required in full under one or more Covered Bond Swaps, the payment obligations of both

the Issuer and the swap provider on that payment date may be reduced accordingly and will be deferred.

Reliance on currency swaps

The Issuer may rely on the one or more swap providers under the currency swaps to provide the Issuer with amounts to be used for payment on Covered Bonds denominated in currencies other than NOK.

Reliance on interest rate swaps

The Issuer may rely on one or more swap providers under the interest rate swaps to hedge the Issuer's interest rate risks in NOK and/or other currencies, to the extent that these have not already been hedged by currency swaps.

Termination payments for swaps

If any of the swap agreements are terminated as described above, the Issuer may, as a result, be obliged to make a termination payment to the relevant swap provider. The amount of the termination payment will be based on the cost of entering into replacement interest rate swaps and/or currency swaps, as the case may be. There can be no assurance that the Issuer will have sufficient funds available to make such a termination payment. Any termination payment to be made by the Issuer to a swap provider will rank *pari passu* with payments due to the Covered Bondholders.

Potential amendments to the swap agreements

The Issuer and the existing swap provider may make certain amendments to the existing swap agreements. If and when the Issuer enters into an additional swap agreement in the context of one or more particular issuances of Covered Bonds, the terms of the swap agreement will be negotiated with the relevant swap provider. As a result of such negotiations, the terms of a swap agreement may contain terms that adversely affect the Issuer's results of operations, financial condition and business prospects and its ability to perform its obligations under the Covered Bonds.

Risks related to the structure of a particular issue of Covered Bonds

Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of such Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Covered Bonds and Dual Currency Covered Bonds

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

- (i) the market price of such Covered Bonds may be volatile;
- (ii) they may receive no interest;

- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Covered Bonds or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Covered Bonds. Accordingly, potential investors should consult their own financial and legal advisers about the risk entailed by an investment in any Index Linked Covered Bonds and the suitability of such Covered Bonds in light of their particular circumstances.

Partly Paid Covered Bonds

The Issuer may issue Covered Bonds to non-U.S. persons purchasing in offshore transactions in reliance on Regulation S where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Covered Bonds

Inverse Floating Rate Covered Bonds have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Covered Bonds typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Covered Bonds are more volatile because an increase in the reference rate not only decreases the interest rate of the Covered Bonds, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Covered Bonds.

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Covered Bonds issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Extendable obligations under the Covered Bonds

The applicable Final Terms will provide that an Extended Maturity Date (as defined below) applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.

If the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter) the maturity of the principal amount outstanding of the Covered Bonds not redeemed will automatically extend on a monthly basis up to but not later than 12 months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms (the “**Extended Maturity Date**”). In that event, the Issuer may redeem all or part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. In that event also, the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds in accordance with the applicable Final Terms, save in respect of Zero Coupon Covered Bonds.

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Covered Bondholders to accelerate payments or take action against the Issuer, and no payment will be payable to the Covered Bondholders in that event other than as set out in the “*Terms and Conditions of the Covered Bonds*” as amended by the applicable Final Terms.

Legal and regulatory risks relating to the Covered Bonds

Basel II risk-weighted asset framework and any related amendments may result in changes to the risk-weighting of the Covered Bonds

Following the issue of proposals from the Basel Committee on Banking Supervision for reform of the 1988 Capital Accord, a framework has been developed by the Basel Committee on Banking Supervision which places enhanced emphasis on market discipline and sensitivity to risk. A comprehensive version of the text of the framework was published in June 2006 under the title “International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)” (the “**Framework**”). The Framework is not self-implementing and, accordingly, the implementation measures and dates in participating countries are dependent on the relevant national implementation process in those countries.

In July 2009, the Basel Committee finalised certain revisions to the Framework, including changes intended to enhance certain securitisation requirements (e.g. increased risk weights for “resecuritisation” exposures). In addition, the European Parliament has approved certain amendments to the Capital Requirements Directive 2006/49/EC (the “**CRD**”) (including investment restrictions and due diligence requirements in respect of securitisation exposures) and the European Commission has put forward further securitisation related amendments to the European Parliament and the Council of Ministers for consideration (including increased capital charges for relevant trading book exposures and for resecuritisation exposures). As and when implemented, the Framework (and any relevant changes to it or to any relevant implementing measures) may affect the risk-weighting of the Covered Bonds for investors who are subject to capital adequacy requirements that follow the Framework. Consequently, investors should consult their own advisers as to the implications for them of the application of the Framework and any relevant implementing measures.

Covered bonds may be eligible for banks’ regulatory liquidity reserve

The Basel Committee has proposed as part of Basel III: A global regulatory framework for more resilient banks and banking systems, that covered bonds in general may be eligible for banks' regulatory liquidity reserves. The framework is not yet finalised and the new liquidity reserve minimum requirement is scheduled to come into force from 2015 after an observation period. Such regulatory development might influence the pricing of Covered Bond issues both in the primary and secondary markets.

Change of law

The Terms and Conditions of the Covered Bonds are based on English law, other than Condition 2 (*Status of the Covered Bonds*) and Condition 11 (*Issuer Covenants*) which are based on Norwegian law, in each case, in effect as at the date of issue of the relevant Covered Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law, Norwegian law or administrative practice after the date of issue of the relevant Covered Bonds.

In particular, the Financial Institutions Act is relatively new legislation in Norway and, for this reason, there is no available case law on it. It is uncertain how the Financial Institutions Act will be interpreted or whether changes or amendments will be made to it which will affect Covered Bonds issued under the Programme.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Covered Bonds denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Covered Bonds is set out in “Summary” above. The applicable terms of any Covered Bonds will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Covered Bonds and will be set out in the Terms and Conditions of the Covered Bonds endorsed on, attached to, or incorporated by reference into, the Covered Bonds, as modified by Part A of the applicable Final Terms attached to, applicable to, or endorsed on, such Covered Bonds, as more fully described under “Form of the Covered Bonds” below.

This Prospectus and any supplement to this Prospectus will only be valid for listing Covered Bonds on the Luxembourg Stock Exchange, any other stock exchange in the European Economic Area or on the SIX Swiss Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Covered Bonds previously or simultaneously issued under the Programme, does not exceed €60,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Covered Bonds issued under the Programme from time to time:

- (a) the euro equivalent of Covered Bonds denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Covered Bonds or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Covered Bonds, Index Linked Covered Bonds and Partly Paid Covered Bonds (each as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Covered Bonds (in the case of Partly Paid Covered Bonds, regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Covered Bonds (as specified in the applicable Final Terms in relation to the relevant Covered Bonds, described under “Form of the Covered Bonds”) and other Covered Bonds issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in bearer form, registered form or, in the case of VP Systems Covered Bonds, uncertificated and dematerialised book entry form.

Each Tranche of Bearer Covered Bonds (other than Swiss Domestic Covered Bonds) will initially be represented by a Temporary Bearer Global Covered Bond without Coupons, Receipts or Talons (each as defined in “Terms and Conditions of the Covered Bonds”) which will (i) if the global Covered Bonds are intended to be issued in NGCB form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the global Covered Bonds are not intended to be issued in NGCB Form, be delivered on or prior to the original issue date of the Tranche to a Common Depositary for, Euroclear and Clearstream, Luxembourg. Interests in the Temporary Bearer Global Covered Bond will be exchanged either for interests in a Permanent Bearer Global Covered Bond or, where specified in the applicable Final Terms (subject to such notice period as is specified in the Final Terms), for definitive Bearer Covered Bonds on or after the date (the “**Exchange Date**”) which is the later of (i) 40 days after the Temporary Bearer Global Covered Bond is issued and (ii) 40 days after completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue). Such exchange will be made only upon delivery of written certification to Euroclear and/or Clearstream, Luxembourg, as the case may be, to the effect that the beneficial owner of such Covered Bonds is not a U.S. person or other person who has purchased such Covered Bonds for resale to, or on behalf of, U.S. persons and Euroclear and/or Clearstream, Luxembourg, as the case may be, has given a like certification (based on the certification it has received) to the Fiscal Agent. In respect of each Tranche of Swiss Domestic Covered Bonds, unless otherwise specified in the applicable Final Terms, the Issuer will deliver a permanent global Covered Bond (the “**Swiss Global Covered Bond**”) which will be deposited on or prior to the original issue date of the Tranche with the Intermediary.

If an interest or principal payment date for any Covered Bonds (which are not Swiss Domestic Covered Bonds) occurs whilst such Covered Bonds are represented by a Temporary Bearer Global Covered Bond, the related interest or principal payment will be made only to the extent that certification of non-U.S. beneficial ownership has been received as described in the last sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Covered Bond (which is not a Swiss Domestic Covered Bond) will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Covered Bond is improperly withheld or refused. Payments of principal or interest (if any) on a Permanent Bearer Global Covered Bond (which is not a Swiss Domestic Covered Bond) will be made through Euroclear or Clearstream, Luxembourg (against presentation or surrender, as the case may be, of the Permanent Bearer Global Covered Bond if the Permanent Bearer Global Covered Bond is not intended to be issued in NGCB form) without any further requirement for certification. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Covered Bonds” below) the Fiscal Agent shall arrange that, where a further Tranche of Covered Bonds is issued, the Covered Bonds of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until at least expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

The applicable Final Terms will specify that either (i) a Permanent Bearer Global Covered Bond (other than Swiss Domestic Covered Bonds) will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached upon not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) to the Fiscal Agent as described therein or (ii) a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Covered Bonds with, where applicable, Receipts, Coupons and Talons attached only upon the occurrence of an Exchange Event as described therein. “**Exchange Event**” means (i) the Issuer has been notified that either

Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two Directors of the Issuer has been given to the Fiscal Agent. The Issuer will promptly give notice to Covered Bondholders in accordance with Condition 13 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Covered Bond) or the Covered Bondholders may give notice to the Fiscal Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Fiscal Agent and the Covered Bondholders requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Fiscal Agent.

Bearer Covered Bonds which are denominated in Swiss Francs ("**Swiss Domestic Covered Bonds**"), unless otherwise specified in the applicable Final Terms, will be represented upon issue by a Swiss Global Covered Bond which will be deposited with SIX SIS AG, the Swiss Securities Services Corporation located in Olten, Switzerland ("**SIX SIS AG**") or, as the case may be, with any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange AG (SIX SIS AG or any such other intermediary, the "**Intermediary**"), until final redemption or the printing of definitive Covered Bonds. Payments of principal, interest (if any) or any other amounts on a Swiss Global Covered Bond will be made through the Intermediary without any requirement for certification.

Once the Swiss Global Covered Bond is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Swiss Domestic Covered Bonds will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each holder (as such term shall be construed in accordance with the following paragraph) of Swiss Domestic Covered Bonds shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Swiss Global Covered Bond to the extent of his claim against the Issuer, provided that for so long as the Swiss Global Covered Bond remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Domestic Covered Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Swiss Domestic Covered Bonds in a securities account of the transferee.

The records of the Intermediary will determine the number of Swiss Domestic Covered Bonds held through each participant in that Intermediary. In respect of the Swiss Domestic Covered Bonds held in the form of Intermediated Securities, the holders of the Swiss Domestic Covered Bonds will be the persons holding the Swiss Domestic Covered Bonds in a securities account. The term "**holders**" as used herein shall, in relation to any such Swiss Domestic Covered Bonds held in the form of Intermediated Securities, be construed accordingly.

Holders of Swiss Domestic Covered Bonds do not have the right to request the printing and delivery of definitive Covered Bonds. Interests in the Swiss Global Covered Bonds will be exchangeable, in whole but not in part, for definitive Covered Bonds if the Principal Swiss Paying Agent (i) determines that the presentation of definitive Covered Bonds is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights or (ii) deems the printing and delivery of definitive Covered Bonds to be useful or desirable for any other reason. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of definitive Covered Bonds without cost to the holders. Upon delivery of the definitive Covered Bonds, the Swiss Global Covered

Bond will be cancelled and the definitive Covered Bonds shall be delivered to the holders against cancellation of the Swiss Domestic Covered Bonds in the holders' securities accounts.

The following legend will appear on all bearer Covered Bonds, Coupons, Receipts and Talons which have an original maturity of more than one year:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on bearer Covered Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of bearer Covered Bonds, receipts or coupons.

Unless otherwise provided with respect to a particular Series of Registered Covered Bonds, the Registered Covered Bonds of each Tranche of such Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Reg. S Global Covered Bond which will be deposited with a custodian for, and registered in the name of a nominee of, DTC, a common depositary or a common safekeeper as the case may be for the accounts of Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Reg. S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 9 (Transfer and Exchange of Registered Covered Bonds) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Reg. S Global Covered Bond will bear a legend regarding such restrictions on transfer.

Registered Covered Bonds of each Tranche of such Series may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs. The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a Restricted Global Covered Bond which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Covered Bonds in fully registered form.

Payments of principal on the Registered Covered Bonds will be made on the relevant payment date to the persons shown on the Register at the close of business on the business day (being for this purpose a day on which banks are open for business in Brussels) immediately prior to the relevant payment date. Payments of interest on the Registered Covered Bonds will be made on the relevant payment date to the person in whose name such Covered Bonds are registered on the Record Date (as defined in Condition 4(c) (Presentation of Covered Bonds, Receipts and Coupons)) immediately preceding such payment date.

Payments of the principal of, and interest (if any) on, (i) the Registered Global Covered Bonds deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg, will be made to such common depositary or common safekeeper and (ii) the Registered Global Covered Bonds registered in the name of DTC or its nominee will be made to the nominee of DTC as the registered holder of the Registered Global Covered Bonds. None of the Issuer, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

For so long as any of the Covered Bonds are represented by a Bearer Global Covered Bond held on behalf of Euroclear and/or Clearstream, Luxembourg and/or SIX SIS AG or so long as any of the Covered Bonds is represented by a registered global Covered Bond deposited with a common depositary or common safekeeper for Euroclear and Clearstream Luxembourg, DTC or its nominee is the registered holder of a Registered Global Covered Bond or so long as the Covered Bond is a VP

Systems Covered Bond, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, DTC, SIX SIS AG, VPS, VP or VPC, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, DTC or its nominee, SIX SIS AG, VPS, VP or VPC as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being VP Systems Covered Bonds) with respect to the payment of principal or interest on the Covered Bonds, for which purpose, (i) in the case of Covered Bonds represented by a Bearer Global Covered Bond, the bearer of the relevant Global Bearer Covered Bond or, (ii) in the case of Covered Bonds represented by a registered global Covered Bond, deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg, such common depositary or common safekeeper or (iii) Covered Bonds where DTC or its nominee is the registered holder of a Registered Global Covered Bond, DTC or its nominee shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond (and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly).

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or SIX SIS AG.

No beneficial owner of an interest in a Registered Global Covered Bond will be able to exchange or transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

Each Tranche of VP Systems Covered Bonds will be issued in uncertificated and dematerialised book entry form. Legal title to the VP Systems Covered Bonds will be evidenced by book entries in the records of VPS, VP or VPC (as the case may be). VP Systems Covered Bonds will be issued with the benefit of the Agency Agreement. On the issue of such VP Systems Covered Bonds, the Issuer will send a letter to the Fiscal Agent, with copies sent to the other Paying Agents and the VP Systems Account Manager (the “**VP Systems Letter**”), which letter will set out the terms of the relevant issue of VP Systems Covered Bonds in the form of Final Terms attached thereto. On delivery of a copy of such VP Systems Letter by the VP Systems Account Manager including the applicable Final Terms to VPS, VP or VPC (as the case may be) and notification to VPS, VP or VPC (as the case may be) of the subscribers and their VPS, VP or VPC (as the case may be) account details by the relevant Dealer, the account operator acting on behalf of the Issuer will credit each subscribing account holder with VPS, VP or VPC (as the case may be) with a nominal amount of VP Systems Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VP Systems Covered Bonds in VPS, VP or VPC (as the case may be) will take place in accordance with market practice at the time of the relevant transaction. Transfers of interests in the relevant VP Systems Covered Bonds will take place in accordance with the rules and procedures for the time being of VPS, VP or VPC (as the case may be).

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or SIX SIS AG and/or VPS, VP or VPC (as the case may be) shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.

[Date]

DNB Boligkreditt AS

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds] under the
€60,000,000,000 Covered Bond Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [and the supplements to the Prospectus] to the Prospectus dated [date] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) as amended (which includes the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”) to the extent that such amendments have been implemented in a Member State). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplement[s] to the Prospectus] [is] [are] available for viewing at [address] and [website] and copies may be obtained from [address].]

[The following alternative language applies if the first Tranche of a Series which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated [current date] and are attached hereto. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) as amended (which includes the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”) to the extent that such amendments have been implemented in a Member State) and must be read in conjunction with the Prospectus dated [current date] [and the supplement[s] to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus dated [current date] [as so supplemented]. Copies of such Prospectus are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|---|-----------------------------------|--|
| 1 | Issuer: | DNB Boligkreditt AS |
| 2 | (i) Series Number: | [] |
| | [(ii) Tranche Number: | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)]</i> |
| 3 | Specified Currency or Currencies: | [] |

- 4 Aggregate Nominal Amount: []
Series: []
[Tranche: []]
- 5 Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
- 6 (i) Specified Denominations: []
(N.B. If an issue of Covered Bonds is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required)
(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)
- (ii) Calculation Amount: []
- 7 (i) Issue Date: []
(ii) Interest Commencement Date:
(a) Period to Maturity Date: []
(b) Period from Maturity Date up to Extended Maturity Date: [Not Applicable] [Maturity Date]
- 8 (i) Maturity Date: *[Fixed rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to [specify month and year]]*
(ii) Extended Maturity Date: [Applicable/Not Applicable]
[insert date]¹
[Extended Maturity Date must be Applicable to all issues of Covered Bonds, unless the Issuer is unable to obtain the relevant credit ratings for the relevant Series of Covered Bonds to which an Extended Maturity Date applies from the rating agencies appointed by the Issuer at the relevant time in respect of such Series of Covered Bonds]
[The Extended Maturity Date is []].
In accordance with the Conditions and

¹ If applicable, the date should be that falling one year after the Maturity Date. If not applicable, insert “Not Applicable”.

these Final Terms, if the Issuer fails to redeem the Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the principal amount outstanding of the Covered Bonds will automatically be extended up to one year to the Extended Maturity Date without constituting an event of default or giving holders of the Covered Bonds any right to accelerate payments on the Covered Bonds. In that event, the interest rate payable on, and the interest periods and Interest Payment Dates, in respect of the Covered Bonds, will change from those that applied up to the Maturity Date and the Issuer may redeem all or part of the principal amount outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, all in accordance with the Conditions and these Final Terms. See Conditions 3(f) and 5(k).]

- 9 Interest Basis:
- (i) Period to (and including) Maturity Date: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
(further particulars specified below)
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date: [Not Applicable]
[[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Index Linked Interest]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to Commission Regulation (EC) No 809/2004 (the "Prospectus Regulation") will apply)*
- 11 Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis]

- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 Status of the Covered Bonds: The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the “**Financial Institutions Act**”) and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and relating derivative contracts are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15 Fixed Rate Covered Bond Provisions

- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]
(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest:
- (a) To Maturity Date: [] per cent. per annum [payable annually/ semi-annually/quarterly] in arrear
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable]
[] per cent. per annum [payable annually/ semi-annually/quarterly] in arrear
- (ii) Interest Payment Date(s):
- (a) To Maturity Date: [] in each year up to and including the Maturity Date/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] in each month up to and including the Extended Maturity Date/[specify other]
(N.B. This will need to be amended in the case of coupons which are not on a monthly basis)

- (iii) Fixed Coupon Amount(s):
- (a) To Maturity Date: [] per Calculation Amount
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] per Calculation Amount
- (iv) Broken Amount(s):
- (a) To Maturity Date: [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction (subject to paragraph 30):
- (a) To Maturity Date: [Actual/Actual (ICMA) or 30/360 or [specify other]]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Actual/Actual (ICMA) or 30/360 or [specify other]]
- (vi) Determination Date(s):
- (a) To Maturity Date: [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] in each year
[Insert regular interest payment dates, ignoring maturity date or extended maturity date in the case of a long or short first or last coupon]
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [None/Give details]

16 Floating Rate Covered Bond Provisions

- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]
(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates:
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []
- (ii) Business Day Convention:
- (a) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *[specify other]*]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]
- (iii) Additional Business Centre(s):
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined:
- (a) To Maturity Date: [Screen Rate Determination/ISDA Determination/ *[specify other]*]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Screen Rate Determination/ ISDA Determination/*[specify other]*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []

(vi) Screen Rate Determination:

(a) To Maturity Date:

- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Screen EURIBOR 01 (or any successor page) ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)

(b) From Maturity Date up to Extended Maturity Date:

[Not Applicable]

- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including the fall back provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Screen EURIBOR 01 (or any successor page) ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)

- (vii) ISDA Determination
- (a) To Maturity Date:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s):
- (a) To Maturity Date: [+/-] [] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest:
- (a) To Maturity Date: [] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] per cent. per annum
- (x) Maximum Rate of Interest:
- (a) To Maturity Date: [] per cent. per annum
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [] per cent. per annum
- (xi) Day Count Fraction:
- (a) To Maturity Date: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
Other]
- (See Condition 3 for alternatives)
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable]
[Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360]

30E/360
Other]

(See Condition 3 for alternatives)

- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:

- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []

17 Zero Coupon Covered Bond Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of [] determining amount payable:
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(e)(iii) and 5(i) apply/specify other] *(Consider applicable day count fraction if not U.S. dollar denominated)*

18 Index Linked Interest Covered Bond Provisions

- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]
(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula:
- (a) To Maturity Date: *[give or annex details]*
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the principal and/or interest due (address):
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []
- (iii) Provisions for determining coupon where calculation by

reference to Index and/or
Formula is impossible or
impracticable:

- (a) To Maturity Date: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] (Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (iv) Specified Period(s)/Specified Interest Payment Dates:
 - (a) To Maturity Date: []
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] []*
- (v) Business Day Convention:
 - (a) To Maturity Date: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]*
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]*
- (vi) Additional Business Centre(s):
 - (a) To Maturity Date: []
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] []*
- (vii) Minimum Rate of Interest:
 - (a) To Maturity Date: [] per cent. per annum
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] [] per cent. per annum*
- (viii) Maximum Rate of Interest:
 - (a) To Maturity Date: [] per cent. per annum
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] [] per cent. per annum*
- (ix) Day Count Fraction:
 - (a) To Maturity Date: []
 - (b) From Maturity Date up to Extended Maturity Date: *[Not Applicable] []*

to Extended Maturity
Date:

19 Dual Currency Covered Bond Provisions

- (I) To Maturity Date: [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]
(If (I) and (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange:
- (a) To Maturity Date: [give or annex details]
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] [give or annex details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable (address):
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (a) To Maturity Date: (Need to include a description of market disruption or settlement disruption events and adjustment provisions)
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] (Need to include a description of market disruption or settlement disruption events and adjustment provisions)
- (iv) Person at whose option Specified Currency(ies) is/are payable:
- (a) To Maturity Date: []
- (b) From Maturity Date up to Extended Maturity Date: [Not Applicable] []

PROVISIONS RELATING TO REDEMPTION

- 20 Issuer Call [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []

	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[] per Calculation Amount
	(iii)	If redeemable in part:	
		Minimum Redemption Amount:	[] per Calculation Amount
		Higher Redemption Amount:	[] per Calculation Amount
	(iv)	Notice period (if other than as set out in the Conditions):	[]
		<i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)</i>	
21	Investor Put	[Applicable/Not Applicable]	
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>	
	(i)	Optional Redemption Date(s):	[]
	(ii)	Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s):	[] per Calculation Amount
	(iii)	Notice period (if other than as set out in the Conditions):	[]
		<i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent or the Covered Bondholders)</i>	
22	Final Redemption Amount of each Covered Bond:	[] per Calculation Amount	
		<i>(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal amount, the Covered Bonds will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply)</i>	

- 23 Early Redemption Amount(s) per Calculation []
Amount payable on redemption for taxation
reasons or on event of default and/or the
method of calculating the same (if required or
if different from that set out in Condition 5(e)):

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- 24 Form of Covered Bonds:
- (i) Form: [Bearer Covered Bonds:
Temporary Bearer Global Covered Bond
exchangeable for a Permanent Bearer
Global Covered Bond which is
exchangeable for Definitive Bearer Covered
Bonds [on not less than 60 days' notice
given at any time/only upon an Exchange
Event]]
[Temporary Bearer Global Covered Bond
exchangeable for Definitive Covered Bonds
on and after the Exchange Date on []
days' notice given at any time]
[Swiss Global Covered Bond]
[Registered Covered Bonds:
Reg. S Global Covered Bond [] nominal
amount registered in the name of a
nominee for [DTC/a common depositary for
Euroclear and Clearstream, Luxembourg/a
common safekeeper for Euroclear and
Clearstream, Luxembourg/Rule 144A global
Covered Bond [] nominal amount
registered in the name of a nominee for
[DTC/a common depositary for Euroclear
and Clearstream, Luxembourg/a common
safekeeper for Euroclear and Clearstream,
Luxembourg / Definitive Registered
Covered Bonds (*specify nominal amounts*)]
[VP Systems Covered Bonds issued in
uncertificated and dematerialised book
entry form]
- (ii) New Global Covered Bond: [Yes] [No]
- 25 Additional Financial Centre(s) or other special
provisions relating to Payment Dates: [Not Applicable/*give details*]
(*Note that this item relates to the place of
payment, and not Interest Period end dates
to which items 16(iii) and 18(vi) relate*)
- 26 Talons for future Coupons or Receipts to be
attached to Definitive Covered Bonds (and
dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 27 Details relating to Partly Paid Covered Bonds:
amount of each payment comprising the Issue [Not Applicable/*give details*. N.B. a new
form of Temporary Global Covered Bond

	Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Covered Bond, consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:	and/or Permanent Global Covered Bond may be required for Partly Paid issues]
28	Details relating to Instalment Covered Bonds:	
	(i) Instalment Amount(s):	[Not Applicable/give details]
	(ii) Instalment Date(s):	
29	Redenomination applicable:	Redenomination [not] applicable <i>(If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)</i>
30	Other final terms:	[Not Applicable/give details] <i>(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)</i>
31	Additional U.S. federal income tax considerations:	[Not Applicable/give details]
DISTRIBUTION		
32	(i) If syndicated, names [and addresses and addresses]** of Managers [and amount and nature of underwriting commitments]**:	[Not Applicable/give names <i>[and amount and nature of underwriting commitments]**</i>]
	(ii) Date of Subscription Agreement:**	[]** [Where not all of the issue is underwritten, specify the portion not covered.]**
	(iii) Stabilising Manager (if any):	[Not Applicable/give name and address]
33	If non-syndicated, name [and address]** of relevant Dealer:	[Name [and address]**]
34	Total commission and concession:**	[] per cent. of the Aggregate Nominal Amount**
35	(i) Whether TEFRA D rules applicable, TEFRA C rules applicable or TEFRA rules not applicable, and	[TEFRA D/TEFRA D (Swiss Exception)/TEFRA C/TEFRA not applicable] ²
	(ii) whether Rule 144A and private placement sales in the United States are permitted to be made:	[Yes/No]
36	Additional selling restrictions:	[Not Applicable/give details]

² TEFRA D (Swiss Exemption) is available for Swiss Domestic Covered Bonds only.

[LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €60,000,000,000 Covered Bond Programme of DNB Boligkreditt AS.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these [Final Terms / *(in case of SIX-listed Covered Bonds only, insert "this Listing Prospectus")*]. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

(In case of SIX-listed Covered Bonds, the section below entitled "Material Changes" should be inserted pursuant to Article 14 of the Additional Rules for the Listing of Bonds by SIX Exchange Regulation)

[MATERIAL CHANGES]

No material changes have occurred in the Issuer's assets and liabilities, financial position or profits or losses since *[insert the later of (i) 31 December 2011 and (ii) the balance sheet date of the Issuer's most recently published annual or interim financial statements].*

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/SIX Swiss Exchange/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [] with effect from [].]
- [Application has been made for the Covered Bonds to be admitted to trading pursuant to the standard for bonds of the SIX Swiss Exchange with effect from []. The last trading day is expected to be [].]
- Application for definitive listing pursuant to the standard for bonds of the SIX Swiss Exchange will be made as soon as practicable and, if granted, will only be granted after the Issue Date.
- Representation*
- In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, [] has been appointed by the Issuer as representative to lodge the listing application with the Regulatory Board of the SIX Swiss Exchange.
- Documents Available*
- Copies of these Final Terms and the Prospectus are available at [].]
- (Need to include for Covered Bonds listed on the SIX Swiss Exchange)*
- [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)***
- (iii) Estimate of total expenses related to admission to trading: []*

2 RATINGS:

The Covered Bonds to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

*(Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)***

(The above disclosure should reflect the rating allocated to Covered Bonds issued under the Programme generally or, where the issue has been specifically rated, that

rating.)

[[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant CRA entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]] [[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)]. [Insert the legal name of the relevant non-EU CRA entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [insert the legal name of the relevant EU-registered CRA entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU CRA entity] is established in the European Union and registered under the CRA Regulation[. As such [insert the legal name of the relevant EU CRA entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [insert the legal name of the relevant EU CRA entity that applied for registration] may be used in the EU by the relevant market participants.]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the CRA

Regulation), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [insert the legal name of the relevant non-EU CRA entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]]

[[Insert the legal name of the relevant CRA entity] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [insert the legal name of the relevant CRA entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].] [[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [insert the legal name of the relevant EU CRA entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the

USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [insert the legal name of the relevant EU CRA entity that applied for registration] may be used in the EU by the relevant market participants.]

3 **[NOTIFICATION:**

The *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer.]
[Amend as appropriate if there are other interests]

5 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:**

[(i) Reasons for the offer: []

(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)]**

[(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)**

[(iii) Estimated total expenses [(including taxes)]** []

[]
(Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”)**

(N.B. If the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

- 6 **[YIELD: (Fixed Rate Covered Bonds only)** []
Indication of yield:

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]**

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 7 **[HISTORICAL INTEREST RATES: (Floating Rate Covered Bonds only)****
Details of historical [LIBOR/EURIBOR/other] rates can be obtained from [Reuters (or any successor page)].]
- 8 **[PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING: (Index-Linked Covered Bonds only)**

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.)

*(Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)***

(Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)

(Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.)]
- 9 **[PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT: (Dual Currency Covered Bonds only)**

(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)

*(Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)**]*
- 10 **OPERATIONAL INFORMATION:**
- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Swiss Security Number: []
- (iv) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, société anonyme and SIX SIS AG (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/(give name(s) and number(s))/Verdipapirsentralen, Norway. VPS identification number: []./Vaerdipapircentralen, Denmark. VP identification number: []./VPC, Sweden, VPC identification number: [].] The Issuer shall be entitled to obtain certain information from the register maintained by VPS, VP or VPC (as the case may be) for

- the purposes of performing its obligations under the issue of VPS, VP or VPC (as the case may be) Covered Bonds]***
- (v) Settlement procedures: []
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (including, in the case of Swiss Domestic Covered Bonds, the Principal Swiss Paying Agent and any other Swiss Paying Agents) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
 [Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.] (include this text for registered Covered Bonds)] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *(Include this text if “yes” selected, in which case bearer Covered Bonds must be issued in NGCB form)*

(Insert here any other relevant codes such as CUSIP and CINS codes)

Notes:

- * Delete if the minimum denomination is less than €100,000
- ** Delete if the minimum denomination is €100,000
- *** Delete as applicable

DTC INFORMATION – REGISTERED COVERED BONDS

DTC will act as securities depository for the Reg. S Global Covered Bonds and the Restricted Global Covered Bonds. The Reg. S Global Covered Bonds and the Restricted Global Covered Bonds will be issued as fully registered securities registered in the name of Cede & Co. The deposit of such Covered Bonds with DTC and their registration in the name of Cede & Co. will effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Registered Covered Bonds; DTC's records reflect only the identity of the participants to whose accounts such Covered Bonds are credited, which may or may not be the beneficial owners of the Registered Covered Bonds.

DTC has advised the Issuer as follows: "DTC is a limited-purpose trust company organised under the New York Banking Law, a **"banking organisation"** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **"clearing corporation"** within the meaning of the New York Uniform Commercial Code and a **"clearing agency"** registered pursuant to the provisions of section 17A of the United States Securities Exchange Act of 1934. DTC holds securities that its participants (**"Direct Participants"**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**"Indirect Participants"**). The rules applicable to DTC and its Participants are on file with the U.S. Securities and Exchange Commission."

Neither DTC nor Cede & Co. will consent or vote with respect to the Registered Covered Bonds represented by the Registered Global Covered Bonds. However, DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Covered Bonds represented by the Registered Global Covered Bonds (including, without limitation, the delivery of consent, the exercise of voting rights, or the presentation of a Registered Global Covered Bond for exchange as described above) at the direction of one or more Agent Members to whose account with DTC interests in a Registered Global Covered Bond are credited and only in respect of such portion of the aggregate principal amount of the Registered Covered Bonds as to which such Agent Member or Agent Members has or have given such direction.

Purchases of Registered Covered Bonds represented by the Registered Global Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Registered Covered Bonds on DTC's records. The ownership interest of each actual purchaser of a Registered Covered Bond (a **"Beneficial Owner"**) held through DTC is in turn recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase but are expected to receive written confirmations regarding details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfer of ownership interests in Registered Covered Bonds represented by the Registered Global Covered Bonds held by DTC are accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Registered Covered Bonds represented by the Registered Global Covered Bonds from DTC, except in the event that the use of the book-entry system for the Covered Bonds is discontinued.

Principal and interest payments on Registered Covered Bonds represented by the Registered Global Covered Bonds held by DTC will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their

respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, the other Paying Agents or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the Issuer or the Fiscal Agent or any other Paying Agents, as the case may be. Disbursement of payment received by DTC to Direct Participants shall be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, any transfer of beneficial interests in a Registered Global Covered Bond to such persons may require that such interests be exchanged for Registered Covered Bonds in definitive form. Because DTC can only act on behalf of Direct Participants which, in turn, act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Registered Global Covered Bond to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interest, may be affected by the lack of a physical registered certificate.

DTC may discontinue providing its services as securities depository with respect to Registered Covered Bonds at any time by giving reasonable notice to the Issuer or the Paying Agents. Under such circumstances, in the event that a successor securities depository is not obtained, Registered Covered Bonds in definitive form would be delivered to individual Covered Bondholders. In addition, the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Registered Covered Bonds in definitive form would be delivered to individual Covered Bondholders.

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each global Covered Bond and each definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The following Terms and Conditions will be applicable to each VP Systems Covered Bonds. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title other than statements of account made by VPS, VP or VPC (as the case may be). Ownership of VP Systems Covered Bonds will be recorded and transfer effected only through the book entry system and register maintained by VPS, VP or VPC (as the case may be). Part A of the applicable Final Terms in relation to any Tranche of Covered Bonds (including VP Systems Covered Bonds) may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Covered Bond and definitive Covered Bond. Reference should be made to **"Form of the Covered Bonds"** for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by DNB Boligkreditt AS (the **"Issuer"**) pursuant to an Agency Agreement (as amended and restated on 20 June 2008, 19 June 2009, 17 June 2010 and 17 June 2011 and as may be amended or supplemented from time to time, the **"Agency Agreement"**) dated 25 June 2007 between the Issuer, Citibank, N.A. as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended and restated on 17 June 2011 and as amended, restated, modified and/or supplemented from time to time, the **"Deed of Covenant"**) dated 25 June 2007 executed by the Issuer in relation to the Covered Bonds.

References herein to the **"Covered Bonds"** shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a global Covered Bond, units of the lowest Specified Denomination in the Specified Currency;
- (ii) (in the case of Bearer Covered Bonds) definitive Bearer Covered Bonds issued in exchange (or part exchange) for a global Covered Bond;
- (iii) (in the case of Registered Covered Bonds) definitive Registered Covered Bonds;
- (iv) any global Covered Bond;
- (v) Bearer Covered Bonds which are denominated in Swiss Francs (**"Swiss Domestic Covered Bonds"**) unless otherwise specified in the applicable Final Terms will be represented by a permanent global Covered Bond (a **"Swiss Global Covered Bond"**) which will be deposited with SIX SIS AG, the Swiss Securities Services Corporation located in Olten, Switzerland (**"SIX SIS AG"**) or, as the case may be, any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange AG (**"SIX Swiss Exchange"**) or any such other intermediary, the **"Intermediary"**) until final redemption or the printing of the definitive Covered Bonds; and
- (vi) Covered Bonds cleared through the Norwegian Central Securities Depository, the *Verdipapirsentralen* (**"VPS"**), VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository (**"VP"**), Nordic Central Securities Depository (*NCSD Systems Aktiebolag*), the Swedish central securities depository (**"VPC"**) and/or any other clearing system as may be specified in the applicable Final Terms (as the case may be) (together **"VP Systems Covered Bonds"**).

The fiscal agent, the paying agents, the registrar, the exchange agents, the transfer agents and the calculations agent(s) for the time being (if any) are referred to below respectively as the **"Fiscal Agent"**, the **"Paying Agents"** (which expression shall include the Fiscal Agent), the **"Registrar"**, the **"Exchange Agents"**, the **"Transfer Agents"** and the **"Calculation Agent(s)"**. Each Tranche of VP Systems Covered Bonds will be created and held in uncertificated book entry form in accounts with VPS, VPC or VP (as the case may be). DNB Bank ASA, Verdipapirservice (the **"VPS Account Manager"**) and/or any other agent appointed by the Issuer from time to time (together with the VPS Account Manager, each being a **"VP Systems Account Manager"**) will act as agent of the Issuer in respect of all dealings with VPS, VP or VPC (as the case may be) in relation to VP Systems Covered Bonds.

In respect of Swiss Domestic Covered Bonds, the principal Swiss paying agent (the **"Principal Swiss Paying Agent"**) and the other Swiss paying agents (the **"Swiss Paying Agents"**, which expression shall include the Principal Swiss Paying Agent) will be specified in the applicable Final Terms, which entities shall act as Fiscal Agent and Paying Agents, respectively, in respect of the Swiss Domestic Covered Bonds and the expressions **"Fiscal Agent"** and **"Paying Agents"** as used herein shall be construed accordingly. In respect of each issue of Swiss Domestic Covered Bonds, the Issuer shall enter into a Supplemental Agency Agreement (substantially in the form of Schedule 12 to the Agency Agreement) with, *inter alia*, the Principal Swiss Paying Agent and any other Swiss Paying Agents.

Interest bearing definitive Bearer Covered Bonds have interest coupons (**"Coupons"**) and, if indicated in the applicable Final Terms, talons for further Coupons (**"Talons"**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Covered Bonds repayable in instalments have receipts (**"Receipts"**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds, in definitive or global form, do not have Receipts or Coupons attached on issue.

The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms which are (except in the case of VP Systems Covered Bonds) attached to or endorsed on this Covered Bond. Part A of the Final Terms (or such relevant provisions thereof) must be read in conjunction with these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Covered Bond. References to the **"applicable Final Terms"** are to Part A of the Final Terms (or the relevant provisions thereof) which are (except in the case of VP Systems Covered Bonds) attached to or endorsed on this Covered Bond.

In these Terms and Conditions, **"Covered Bondholders"** means the holders for the time being of the Covered Bonds, and such expression shall, in relation to any Covered Bonds represented by a global Covered Bond and in relation to VP Systems Covered Bonds, be construed as provided below; **"Receiptholders"** means the holders of the Receipts; and **"Couponholders"** means the holders of the Coupons, and such expression shall, unless the context otherwise requires, include the holders of Talons). VP Systems Covered Bonds are in dematerialised form: any references in these Terms and Conditions to Receipts, Coupons and Talons shall not apply to VP Systems Covered Bonds and no global or definitive Covered Bonds will be issued in respect thereof. These Terms and Conditions shall be construed accordingly.

As used herein, **"Tranche"** means Covered Bonds which are identical in all respects (including as to listing) and **"Series"** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Transfer

Agents. Copies of the applicable Final Terms may be obtained, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the “**Prospectus Directive**”), the applicable Final Terms will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer and/or the Paying Agent as to its holding of such Covered Bonds and identity. If this Covered Bond is admitted to trading on the Luxembourg Stock Exchange’s regulated market, the applicable Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange at www.bourse.lu. The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that in the event of any inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1 Form, Denomination and Title

The Covered Bonds are in bearer form (“**Bearer Covered Bonds**”), registered form (“**Registered Covered Bonds**”) or, in the case of VP Systems Covered Bonds, uncertificated book entry form, as specified in the applicable Final Terms and, in the case of definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided in Condition 9 (Transfer and Exchange of Registered Covered Bonds), Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*. VP Systems Covered Bonds may not be exchanged for Bearer Covered Bonds or Registered Covered Bonds and *vice versa*.

This Covered Bond is a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond, an Index Linked Interest Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of Covered Bonds, those Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Issue Date to and including the Maturity Date, and Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Index Linked Interest Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms in respect of the period from the Maturity Date up to and including the Extended Maturity Date, subject as specified in the applicable Final Terms.

This Covered Bond may be an Index Linked Redemption Covered Bond, an Instalment Covered Bond, a Dual Currency Covered Bond, a Partly Paid Covered Bond or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds and an Extended Maturity Date is not specified in the applicable Final Terms to the relevant Series of Covered Bonds, in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery, and title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and the Replacement Agent (as defined in the Agency Agreement), the Registrar, any Transfer Agent and any Paying Agent may deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph, and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly. The holder of a VP Systems Covered Bonds will be the person evidenced as such by a book entry in the records of VPS, VP or VPC (as the case may be). Title to the VP Systems Covered Bonds will pass by registration in the registers between the direct or indirect accountholders at VPS, VP or VPC (as the case may be) in accordance with the rules and procedures of VPS, VP or VPC (as the case may be). Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VP Systems Covered Bonds.

For so long as any of the Covered Bonds is represented by a bearer global Covered Bond held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or SIX SIS AG or for so long as any of the Covered Bonds is represented by a registered global Covered Bond deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg or The Depository Trust Company (“**DTC**”) or its nominee is the registered holder of a Registered Global Covered Bond or so long as the Covered Bond is a VP Systems Covered Bond, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg, DTC, SIX SIS AG, VPS, VP or VPC, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by such clearing system as to the nominal amount of such Covered Bonds standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the relevant clearing system in accordance with its usual procedures and in which the holder of a particular nominal amount of such Covered Bonds is clearly identified together with the amount of such holding) shall be treated by the Issuer, the Fiscal Agent, the Replacement Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being VP Systems Covered Bonds) with respect to the payment of principal or interest on the Covered Bonds, for which purpose, (i) in the case of Covered Bonds represented by a bearer global Covered Bond, the bearer of the relevant bearer global Covered Bond or, (ii) in the case of Covered Bonds represented by a registered global Covered Bond, deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg, such common depository or common safekeeper or (iii) a Registered Global Covered Bond registered in the name of DTC or its nominee, DTC or its nominee, shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond and the expressions “**Covered Bondholder**” and “**holder of Covered Bonds**” and related expressions shall be construed accordingly.

Swiss Domestic Covered Bonds will be represented upon issue by a Swiss Global Covered Bond which will be deposited with the Intermediary until final redemption or the printing of definitive Covered Bonds.

Once the Swiss Global Covered Bond is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Swiss Domestic Covered Bond will constitute intermediated securities (*Bucheffekten*) (“**Intermediated Securities**”) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each holder (as such term shall be construed in accordance with the following paragraph) of Swiss Domestic Covered Bonds shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the

Swiss Global Covered Bond to the extent of his claim against the Issuer, provided that for so long as the Swiss Global Covered Bond remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Domestic Covered Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Swiss Domestic Covered Bonds in a securities account of the transferee.

The records of the Intermediary will determine the number of Swiss Domestic Covered Bonds held through each participant in that Intermediary. In respect of the Swiss Domestic Covered Bonds held in the form of Intermediated Securities, the holders of the Swiss Domestic Covered Bonds will be the persons holding the Swiss Domestic Covered Bonds in a securities account. The term "**holders**" as used herein shall, in relation to any such Swiss Domestic Covered Bonds held in the form of Intermediated Securities, be construed accordingly.

Holders of Swiss Domestic Covered Bonds do not have the right to request the printing and delivery of definitive Covered Bonds. Interests in the Swiss Global Covered Bonds will be exchangeable, in whole but not in part, for definitive Covered Bonds if the Principal Swiss Paying Agent (i) determines that the presentation of definitive Covered Bonds is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights or (ii) deems the printing and delivery of definitive Covered Bonds to be useful or desirable for any other reason. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of definitive Covered Bonds without cost to the holders. Upon delivery of the definitive Covered Bonds, the Swiss Global Covered bond will be cancelled and the definitive Covered Bonds shall be delivered to the holders against cancellation of the Swiss Domestic Covered Bonds in the holders' securities accounts.

Covered Bonds which are represented by a global Covered Bond and VP Systems Covered Bonds will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, DTC, SIX SIS AG, VPS, VP and/or VPC, as the case may be.

References to Euroclear, Clearstream, Luxembourg, DTC, SIX SIS AG, VPS, VP and/or VPC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Fiscal Agent.

If specified in the applicable Final Terms, a Temporary Bearer Covered Bond or a Permanent Bearer Covered Bond may be issued in new global Covered Bond form (a "**New Global Covered Bond**" or a "**NGCB**").

2 Status of the Covered Bonds

The Covered Bonds are unsubordinated obligations issued in accordance with Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations (the "**Financial Institutions Act**") and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued pursuant to the Financial Institutions Act. To the extent that claims in relation to the Covered Bonds and relating derivative agreements are not met out of the assets of the Issuer that are covered in accordance with the Financial Institutions Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

3 Interest

(a) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its outstanding nominal amount (or, if it is a Partly Paid Covered Bond, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount(s) so specified.

As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (a) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (b) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

“**Determination Period**” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds*

(i) Interest Payment Dates

Each Floating Rate Covered Bond and Index Linked Interest Covered Bond bears interest on its outstanding nominal amount (or, if it is a Partly Paid Covered Bond, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to interest payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto (the “**TARGET System**”) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds and Index Linked Interest Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent under an interest rate swap transaction if the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent were acting as Calculation Agent (as such term is defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Covered Bonds

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the Specified Time.

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will calculate the amount of interest (the “**Interest Amount**”) payable per Calculation Amount in respect of the Floating Rate Covered Bonds or Index Linked Interest Covered Bonds for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 3(b):

- (i) if “Actual/365” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent, each of the other Paying Agents, the Covered Bondholders and any stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and, in the case of VP Systems Covered Bonds, VPS, VP, VPC or any other relevant clearing system (as the case may be) and each VP Systems Account Manager (by no later than the first

day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (Notices) as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds or Index Linked Interest Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13 (Notices). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) **Determination or Calculation by Fiscal Agent**

If for any reason at any relevant time where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent defaults in its obligation to determine the Rate of Interest or any Interest Amount in accordance with the above provisions or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Fiscal Agent shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Fiscal Agent shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(vii) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), whether by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents, the Registrar, the Exchange Agent, the Transfer Agents and all Covered Bondholders, Receipholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receipholders or the Couponholders shall attach to the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Covered Bonds*

In the case of Dual Currency Covered Bonds, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) *Partly Paid Covered Bonds*

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue as aforesaid on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

Subject as provided in Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date), each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these Terms and Conditions.

(f) Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date

- (i) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Condition 3(e) (Accrual of Interest). In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 3(f)(ii) on the principal amount outstanding of the Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date), the rate of interest payable from time to time in respect of the principal amount outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.
- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 3(f) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) This Condition 3(f) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Covered Bonds is automatically extended up to the Extended Maturity Date in accordance with Condition 5(k) (Extension of Maturity up to Extended Maturity Date).

4 Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

References to “**Specified Currency**” will include any successor currency under applicable law.

(b) Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, but without prejudice to the provisions of Condition 6, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

(c) Presentation of Covered Bonds, Receipts and Coupons

Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of definitive Bearer Covered Bonds, and payments of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal in respect of definitive Bearer Covered Bonds (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of the relevant definitive Bearer Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Covered Bond to which it appertains. Receipts presented without the definitive Bearer Covered Bonds to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Covered Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Except as provided below, all payments of interest and principal with respect to Bearer Covered Bonds will be made at such paying agencies outside the United States as the Issuer may appoint from time to time and to accounts outside the United States.

Fixed Rate Covered Bonds in definitive bearer form (other than Dual Currency Covered Bonds, Index Linked Covered Bonds or Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in

full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6 (Taxation)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (Prescription)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond, Dual Currency Covered Bond, Index Linked Covered Bond or Long Maturity Covered Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **“Long Maturity Covered Bond”** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

If the due date for redemption of any definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such definitive Bearer Covered Bond from (and including) the preceding Interest Payment Date or Interest Commencement Date, as the case may be, shall be payable only against surrender of the relevant definitive Bearer Covered Bond.

Payments of principal and interest (if any) in respect of Covered Bonds represented by any bearer global Covered Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Covered Bonds and otherwise in the manner specified in the relevant bearer global Covered Bond against presentation or surrender, as the case may be, of such bearer global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such bearer global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global Covered Bond by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such global Covered Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Covered Bonds represented by such global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Covered Bond.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency or conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of Bearer Covered Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Bearer Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payments of principal (other than instalments of principal (if any) prior to the final instalment) in respect of Registered Covered Bonds (whether in definitive or global form) will be made in the manner provided in paragraph (a) above to the persons in whose name such Covered Bonds are registered (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Covered Bonds at the specified office of the Registrar or the Transfer Agent.

Payments of interest due on a Registered Covered Bond (whether in definitive or global form) and payments of instalments (if any) of principal on a Registered Covered Bond, other than the final instalment, will be made in the manner specified in paragraph (a) to the person in whose name such Covered Bond is registered (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the “**Record Date**”)) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder’s registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Covered Bonds is required by credit or transfer as referred to in paragraph (a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

Payments of principal and interest in respect of VP Systems Covered Bonds will be made to the Covered Bondholders shown in the records of VPS, VP, VPC or any other relevant clearing system (as the case may be), in accordance with and subject to the rules and regulations from time to time governing VPS, VP, VPC or any other relevant clearing system (as the case may be).

(d) Payment Day

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which is (subject to Condition 7 (Prescription)):

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (A) in the case of Covered Bonds in definitive form, the relevant place of presentation; and
- (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(e) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6 (Taxation);
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 5(e) (Early Redemption Amounts)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

Any reference in these Terms and Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (Taxation) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Agency Agreement.

(f) *Payments in respect of Swiss Domestic Covered Bonds*

Notwithstanding the foregoing provisions of this Condition 4, payments of principal and interest in respect of Swiss Domestic Covered Bonds shall be made only at the offices of any Swiss Paying Agent in Switzerland in freely disposable Swiss Francs without collection costs and whatever the circumstances may be, irrespective of nationality, domicile or residence of the holder of Covered Bonds and without requiring any certification, affidavit or the fulfilment of any other formality. Payments on the Swiss Domestic Covered Bonds will also be made irrespective of any present or future transfer restrictions and regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at any time to such payment.

The receipt in full by the Principal Swiss Paying Agent of the due and punctual payment of the funds in Swiss Francs in Zürich in the manner provided by these Conditions and in the applicable Final Terms shall release the Issuer from its obligations under the Swiss Domestic Covered Bonds for the payment of principal and interest due on the respective payment dates to the extent of such payments, except to the extent that there is default in the subsequent payment thereof to the holders of Covered Bonds or Coupons (as the case may be).

5 Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond (including each Index Linked Redemption Covered Bond) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date, subject as provided below if an Extended Maturity Date is specified in the applicable Final Terms.

(b) Redemption for Tax Reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond nor an Index Linked Interest Covered Bond) or on any Interest Payment Date (if this Covered Bond is either a Floating Rate Covered Bond or an Index Linked Interest Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent (and, in the case of VP Systems Covered Bonds, each VP Systems Account Manager) and, in accordance with Condition 13 (Notices), the Covered Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or any authority or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent and, in the case of VP Systems Covered Bonds, to each VP Systems Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Covered Bonds redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer shall, having given:

- (i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 13 (Notices); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent and (in the case of a redemption of Registered Covered Bonds) the Registrar and (in the case of a redemption of VP Systems Covered Bonds) each VP Systems Account Manager,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed ("**Redeemed Covered Bonds**") will be selected individually by lot without involving any part only of a Bearer Covered Bond, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC and/or SIX SIS AG, as the case may be, in the case of Redeemed Covered Bonds represented by a global Covered Bond and in accordance with the rules of VPS, VP, VPC or any other relevant clearing system (as the case may be), in the case of VP Systems Covered Bonds, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 13 (Notices) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Calculation Amount, and the aggregate nominal amount of Redeemed Covered Bonds represented by a global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 13 (Notices) at least 5 days prior to the Selection Date.

(d) Redemption at the Option of the Covered Bondholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 13 (Notices) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form and held outside Euroclear or Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must deliver such Covered Bond at the specified office of any Paying Agent, in the case of Bearer Covered Bonds, or any Transfer Agent or the Registrar in the case of Registered Covered Bonds at any time during normal business hours of such Paying Agent, Transfer Agent or the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If this Covered Bond is represented by a global Covered Bond or is a Covered Bond in definitive form and held through Euroclear or Clearstream, Luxembourg, DTC or SIX SIS AG, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must,

within the notice period, give notice to the Fiscal Agent or the Registrar of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, DTC or SIX SIS AG (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, SIX SIS AG or any common depository for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg, DTC or SIX SIS AG, as the case may be, from time to time and, if this Covered Bond is represented by a global Covered Bond in bearer form, at the same time present or procure the presentation of the relevant global Covered Bond to the Fiscal Agent for notation accordingly.

If this Covered Bond is a VP Systems Covered Bonds, to exercise the right to require redemption of the VP Systems Covered Bonds, the holder of the VP Systems Covered Bonds, must, within the notice period, give notice to the relevant account operator of such exercise in accordance with the standard procedures of VPS, VP, VPC or any other relevant clearing system (as the case may be) from time to time.

Any Put Notice given by a holder of any Covered Bond pursuant to this paragraph shall be irrevocable.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above, the Covered Bonds will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Covered Bonds with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Covered Bonds (other than Zero Coupon Covered Bonds but including Instalment Covered Bonds and Partly Paid Covered Bonds) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bonds are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Covered Bonds, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount per Calculation Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price per Calculation Amount;

“**AY**” means the Accrual Yield expressed as a decimal; and

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Covered Bonds

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) Purchases

The Issuer, DNB ASA or any of their respective subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Covered Bonds (provided that, in the case of definitive Bearer Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, DNB ASA or any of their respective subsidiaries, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) Cancellation

All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of definitive Bearer Covered Bonds, all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). The details of all Covered Bonds so cancelled and the Covered Bonds purchased and cancelled pursuant to Condition 5(h) (Purchases) (together, in the case of definitive Bearer Covered Bonds, with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and, in the case of VP Systems Covered Bonds, shall be deleted from the records of VPS, VP, VPC or any other relevant clearing system (as the case may be) and cannot be reissued or resold.

(j) Late payment on Zero Coupon Covered Bonds

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to paragraph (a), (b), (c) or (d) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Covered Bondholders in accordance with Condition 13 (Notices).

(k) Extension of Maturity up to Extended Maturity Date

- (i) An Extended Maturity Date shall be specified in the applicable Final Terms as applying to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit ratings from the rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.
- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer fails to redeem all of those Covered Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms.

The Issuer shall give to the Covered Bondholders (in accordance with Condition 13 (Notices)) and the Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person. Accordingly, such Paying Agent will notify Clearstream, Luxembourg and Euroclear of the instructions given by the Issuer promptly upon such receipt (and in any event by no later than three Business Days prior to the Maturity Date of the Covered Bonds).

- (iii) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 5(k) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.
- (iv) Any extension of the maturity of Covered Bonds under this Condition 5(k) shall be irrevocable. Where this Condition 5(k) applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 5(k) shall not constitute an event of default for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Terms and Conditions.
- (v) In the event of the extension of the maturity of Covered Bonds under this Condition 5(k), interest rates, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 3(f) (Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date).
- (vi) If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.
- (vii) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 5(k), subject as otherwise provided for in the applicable Final Terms, for so long as any of those Covered Bonds remains in issue, the Issuer shall not issue any further mortgage Covered Bonds, unless the proceeds of issue of such further mortgage Covered Bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Covered Bonds in accordance with the terms hereof.
- (viii) This Condition 5(k) shall only apply to Covered Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).

6 Taxation

All payments of principal and interest in respect of the Covered Bonds, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision or any authority or agency

thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

- (i) presented for payment in Norway; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bond, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Covered Bond, Receipt or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(d) (Payment Day)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of VP Systems Covered Bonds, the holders of the VP Systems Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13 (Notices).

7 Prescription

The Covered Bonds (whether in bearer, registered or uncertificated book entry form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6 (Taxation)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(c) (Presentation of Covered Bonds, Receipts and Coupons) or any Talon which would be void pursuant to Condition 4(c) (Presentation of Covered Bonds, Receipts and Coupons).

8 Replacement of Covered Bonds, Receipts, Coupons and Talons

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Replacement Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

9 Transfer and Exchange of Registered Covered Bonds

(a) *Form of Registered Covered Bonds*

Registered Covered Bonds of each Tranche sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”), will initially be represented by a permanent global Covered Bond in registered form, without interest coupons (the “**Reg. S Global Covered Bond**”), deposited with a custodian for, and registered in the name of a nominee of, DTC, a common depository or common safekeeper, as the case may be for the accounts of Euroclear and Clearstream, Luxembourg. Covered Bonds in definitive form issued in exchange for Reg. S Global Covered Bonds or otherwise sold or transferred in reliance on Regulation S under the Securities Act, together with the Reg. S Global Covered Bonds, are referred to herein as “**Reg. S Covered Bonds**”. Beneficial interests in a Reg. S Global Covered Bond may be held only through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC, including Euroclear or Clearstream, Luxembourg.

Registered Covered Bonds of each Tranche sold in private transactions to qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“**QIBs**”) will initially be represented by a permanent global Covered Bond in registered form, without interest coupons (the “**Restricted Global Covered Bond**” and, together with the Reg. S Global Covered Bond, the “**Registered Global Covered Bonds**”), deposited with a custodian for, and registered in the name of a nominee of, DTC. Covered Bonds in definitive form issued in exchange for Restricted Global Covered Bonds or otherwise sold or transferred in accordance with the requirements of Rule 144A under the Securities Act, together with the Restricted Global Covered Bonds, are referred to herein as “**Restricted Covered Bonds**”.

Registered Covered Bonds in definitive form and Restricted Covered Bonds shall bear the legend set forth in the Restricted Global Covered Bond (the “**Legend**”), such Covered Bonds being referred to herein as “**Legended Covered Bonds**”. Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend, the Registrar shall (save as provided in Condition 9(f) (Exchanges and transfers of Registered Covered Bonds generally)) deliver only Legended Covered Bonds or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Subject as otherwise provided in this Condition 9, Registered Covered Bonds in definitive form may be exchanged or transferred in whole or in part in the authorised denominations for one or more definitive Registered Covered Bonds of like aggregate nominal amount.

(b) *Exchange of interests in Registered Global Covered Bonds for Registered Covered Bonds in definitive form*

Interests in the Reg. S Global Covered Bond and the Restricted Global Covered Bond will be exchangeable for Registered Covered Bonds in definitive form if (i) Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, notifies the Issuer that it is unwilling or unable to continue as depository for such Registered Global Covered Bond or (ii) if applicable, DTC ceases to be a “Clearing Agency” registered under the Securities Exchange Act of 1934 or the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced its intention permanently to cease business or has in fact done so, and a successor depository or alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholders is not available, or (iii) a payment default has occurred and is continuing with respect to such Covered Bonds, or (iv) if the applicable Final Terms so permit, a written request for one or more Registered Covered Bonds in definitive form is made by a holder of a beneficial interest in a Registered Global Covered Bond; provided that in the case of (iv) such written

notice or request, as the case may be, is submitted to the Registrar by the beneficial owner not later than 60 days prior to the requested date of such exchange. Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause the appropriate Registered Covered Bonds in definitive form to be delivered provided that, notwithstanding the above, no Reg. S Covered Bonds in definitive form will be issued until the expiry of the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer, in the case of a non-syndicated issue, or by the Lead Manager, in the case of a syndicated issue (the “**Distribution Compliance Period**”).

(c) *Transfers of Registered Global Covered Bonds*

Transfers of a Registered Global Covered Bond shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

(d) *Transfers of interests in Reg. S Covered Bonds*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg. S Covered Bond to a transferee in the United States will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities law of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Covered Bond in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Reg. S Covered Bonds may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(e) *Transfers of interests in Legended Covered Bonds*

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Reg. S Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require,

which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States,

and in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Covered Bonds transferred to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC and the Registrar will arrange for any Covered Bonds which are the subject of such a transfer to be represented by the appropriate Registered Global Covered Bond, where applicable.

(f) Exchanges and transfers of Registered Covered Bonds generally

Registered Covered Bonds may not be exchanged for Bearer Covered Bonds and vice versa.

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Registered Global Covered Bond of the same type at any time.

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will be transferable and exchangeable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be (the “**Applicable Procedures**”).

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms) by the holder or holders surrendering the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Fiscal Agent and the Registrar, or as the case may be, the relevant Transfer Agent prescribe, including any restrictions imposed by the Issuer on transfers of Registered Covered Bonds originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of a Registered Covered Bond in definitive form for an interest in, or to a person who takes delivery of such Covered Bond through, a Registered Global Covered Bond will be made no later than 60 days after the receipt by the Registrar or as the case may be, relevant Transfer Agent of the Registered Covered Bond in definitive form to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

(g) Registration of transfer upon partial redemption

In the event of a partial redemption of Covered Bonds under Condition 5 (Redemption and Purchase), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

(h) Closed Periods

No Covered Bondholder may require the transfer of a Registered Covered Bond to be registered during the period of 30 days ending on the due date for any payment of principal or interest on that Covered Bond.

(i) Costs of exchange or registration

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions (except for the expenses of delivery by other than regular mail (if any) and, if the Issuer shall so require, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto which will be borne by the Covered Bondholder) will be borne by the Issuer.

10 Fiscal Agent, Paying Agents, Exchange Agent, Transfer Agents, Registrar and VP Systems Account Manager

The names of the initial Fiscal Agent, the initial Registrar and the other initial Paying Agents, the initial Exchange Agent and the initial Transfer Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent or the Registrar or the Exchange Agent or any Transfer Agent or any VP Systems Account Manager or any Calculation Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Exchange Agents, Transfer Agents, VP Systems Account Managers or Calculation Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, Exchange Agent, Transfer Agent, VP Systems Account Manager or Calculation Agent acts, provided that (other than in the case of Swiss Domestic Covered Bonds):

- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Fiscal Agent), in the case of Bearer Covered Bonds, and a Transfer Agent (which may be the Registrar), in the case of Registered Covered Bonds, with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent (which may be the Fiscal Agent) with a specified office in a city in continental Europe outside Norway;
- (iii) there will at all times be a Fiscal Agent;
- (iv) there will at all times be a Transfer Agent having a specified office in a place approved by the Fiscal Agent;
- (v) so long as any of the Registered Global Covered Bonds are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London;
- (vi) there will at all times be a Registrar with a specified office outside the United Kingdom and, so long as the Covered Bonds are listed on any stock exchange, in such place as may be required by the rules and regulations of the relevant stock exchange;
- (vii) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council

Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

- (viii) in the case of VP Systems Covered Bonds issued from time to time, there will at all times be a VP Systems Account Manager authorised to act as an account operating institution with VPS, VP, VPC or any other relevant clearing system (as the case may be) and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VP Systems Covered Bonds so require.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the eleventh paragraph of Condition 4(c) (Presentation of Covered Bonds, Receipts and Coupons). Notice of any variation, termination, appointment or change will be given to the Covered Bondholders promptly in accordance with Condition 13. In the case of Swiss Domestic Covered Bonds, the Issuer will at all times maintain a Paying Agent having a specified office in Switzerland and will at no time appoint a Paying Agent having a specified office outside Switzerland.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11 Issuer Covenants

- (i) Maintenance of the Issuer Cover Pool:
 - (A) For so long as the Covered Bonds are outstanding, the Value (as defined below) of the Issuer Cover Pool (as defined below) will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Issuer's €60,000,000,000 Covered Bond Programme and any other mortgage covered bonds of the Issuer in issue at such time (such total aggregate outstanding principal amount, the "**Total Outstanding Amount**").
 - (B) In the event that both the following events occur:
 - (1) the Issuer provides additional collateral to the Issuer Cover Pool in order to increase the Value of the Issuer Cover Pool by a specified percentage (the "**Additional Cover Percentage**") of the Total Outstanding Amount in order to meet the relevant rating agencies' credit rating criteria to obtain a particular rating (in which case the Issuer will cause such percentage to be notified to the Inspector); and
 - (2) the Value of the Issuer Cover Pool falls below an amount equal to the product of (x) 100 per cent. plus the Additional Cover Percentage and (y) the Total Outstanding Amount at any time after complying with such rating agencies' credit rating criteria requirement, then:
 - (i) the Issuer shall be obliged under Condition 11(i)(A) to provide additional collateral to the Issuer Cover Pool to ensure that the Value of the Issuer Cover Pool is at least equal to the Total Outstanding Amount at such time; and
 - (ii) the Issuer may, but shall not be obliged under this Condition 11(i)(B) to, provide additional collateral to the Issuer Cover Pool in order to maintain the Value of the Issuer

Cover Pool at an amount equal to the product of (x) 100 per cent. plus the Additional Cover Percentage and (y) the Total Outstanding Amount at such time.

- (C) For the avoidance of doubt, the Issuer shall not at any time reduce the then Additional Cover Percentage which applies for the purposes of this Condition 11 if to do so would result in any credit rating then applying to the Covered Bonds by any rating agency appointed by the Issuer in respect of the Covered Bonds being reduced, removed, suspended or placed on credit watch.

For the purposes of this Condition 11(i), if more than one rating agency assigns a credit rating to the Covered Bonds, the Additional Cover Percentage shall be construed as the highest percentage value as may be required under the relevant credit rating criteria from time to time.

- (ii) Other Issuer Covenants:

For so long as any of the Covered Bonds are outstanding, save where the Norwegian Supplementary Regulations (as defined below) provide otherwise, the Issuer shall ensure that:

- (A) Composition of the Issuer Cover Pool

- (1) the Cover Pool (as defined under the Financial Institutions Act) maintained or to be maintained by the Issuer under the Financial Institutions Act shall comply with the requirements of the Financial Institutions Act but shall only include loans secured by Residential Mortgages, mortgages over second homes or mortgages over title documents relating to residences (the “**Issuer Cover Pool**”);
- (2) substitute assets within the meaning of the Financial Institutions Act only makes up to 20 per cent. of the Issuer Cover Pool, save where special authority has been granted by Finanstilsynet in accordance with the Financial Institutions Act, in which case, substitute assets will not exceed 30 per cent. of the Issuer Cover Pool;

- (B) Loan-to-Value Ratio

- (1) the Value of each loan forming part of the Issuer Cover Pool which falls within the meaning of a specific category of mortgages under the Financial Institutions Act shall not exceed the percentage applicable to such category of mortgages (as prescribed under the Financial Institutions Act) of the Property Value of the property securing such loan at the time at which the loan is contributed to the Issuer Cover Pool; and
- (2) if at any time the Value of a loan forming part of the Issuer Cover Pool which falls within the meaning of a specific category of mortgages under the Financial Institutions Act exceeds the percentage applicable to such category of mortgages (as prescribed under the Financial Institutions Act) of the Property Value of the property securing such loan, only such applicable percentage of the Property Value will be counted towards the overall valuation of the Issuer Cover Pool,

provided that, for the purposes of this Condition 11, “**Value**” shall mean nominal par value and shall, at any time, exclude the nominal par value of each loan within the Issuer Cover Pool which is in arrears for 90 days or longer at such time, and “**Property Value**” shall mean the most recent valuation of the relevant property on which the relevant loan is secured;

- (C) Interest Cover

the amounts receivable by the Issuer in respect of the Issuer Cover Pool and under the related derivative contracts entered into by the Issuer shall be at least equal to or exceed the amounts payable by the Issuer under the Covered Bonds and the related derivative contracts entered into by the Issuer;
- (D) Interest Rate, Liquidity and Foreign Exchange Risks

the Issuer's interest rate, liquidity and foreign exchange risks shall be hedged or otherwise limited in accordance with the terms of the Financial Institutions Act;
- (E) Valuations

save as expressly provided in this Condition 11, all valuations required under the Financial Institutions Act shall be made in compliance with the terms of the Financial Institutions Act;
- (F) Register

a statutory register (the “**Statutory Register**”) of the Covered Bonds and the Issuer Cover Pool shall be maintained by the Issuer in accordance with the terms of the Financial Institutions Act;
- (G) No Encumbrance, etc.

assets in the Issuer Cover Pool shall not be pledged, or subject to execution, attachment or other enforcement proceedings in favour of particular creditors of the Issuer, or subject to a right of set-off, right of retention or the like; and
- (H) Inspector

the independent inspector appointed under the Financial Institutions Act (the “**Inspector**”) shall be (1) given all relevant information about the Issuer's business and such other further information as may be requested by the Inspector, (2) given full access to the Statutory Register, (3) facilitated to conduct investigations at the Issuer's premises, and (4) paid reasonable remuneration by the Issuer, in each case, in accordance with the terms of the Financial Institutions Act.

All references to the Financial Institutions Act in this Condition 11 shall, unless the context requires otherwise, include the Regulations on mortgage credit institutions which issue bonds conferring a preferential claim over a cover pool consisting of public sector loans and loans secured on residential property or other real property (Covered Bonds) (the “**Norwegian Regulations**”) and any other supplementary regulations laid down pursuant to the Financial Institutions Act (any and all such regulations, the “**Norwegian Supplementary Regulations**”).

12 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 7 (Prescription).

13 Notices

All notices regarding the Covered Bonds (other than VP Systems Covered Bonds and Swiss Domestic Covered Bonds) shall be published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Covered Bonds are admitted to trading

on the regulated market and listed on the Official List of the Luxembourg Stock Exchange, either in a daily newspaper of general circulation in Luxembourg and/or on the website of the Luxembourg Stock Exchange, www.bourse.lu. It is expected that any such publication in a newspaper will be made (i) in the *Financial Times* or any other daily newspaper in London and (ii) either in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg or on the website of the Luxembourg Stock Exchange, www.bourse.lu. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Covered Bonds are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or, where published in such newspapers on different dates, the last date of such first publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Fiscal Agent shall approve.

Until such time as any definitive Covered Bonds are issued, there may (provided that, in the case of Covered Bonds listed on a stock exchange, the rules of such stock exchange (or other relevant authority) permit), so long as the global Covered Bond(s) is or are held in its/their entirety on behalf of Euroclear and/or Clearstream, Luxembourg or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, for communication by them to the holders of the Covered Bonds. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be.

Notices to be given by any holder of the Covered Bonds (other than VP Systems Covered Bonds and Swiss Domestic Covered Bonds) shall be in writing and given by lodging the same, together with the relative Covered Bond or Covered Bonds, with the Fiscal Agent. Whilst any of the Covered Bonds is represented by a global Covered Bond, such notice may be given by any holder of a Covered Bond to the Fiscal Agent and/or Registrar via Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, in such manner as the Fiscal Agent and/or Registrar and/or Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, may approve for this purpose.

All notices regarding Swiss Domestic Covered Bonds will, save where another means of effective communication has been specified in the applicable Final Terms, be deemed to be validly given (i) if published in a leading daily newspaper with national circulation in Switzerland (which is expected to be the *Neue Zürcher Zeitung*), (ii) in the case of Swiss Domestic Covered Bonds represented by a Swiss Global Covered Bonds, if delivered to SIX SIS AG for communication by it to the persons shown in its records as having interests therein or (iii) in the case of Swiss Domestic Covered Bonds admitted to trading on the standard for bonds of the SIX Swiss Exchange, if published in electronic form on the internet website of the SIX Swiss Exchange (www.six-swissexchange.com) under the section headed "Official Notices" or otherwise in accordance with the regulations of the SIX Swiss Exchange. Provided that, in the case of Swiss Domestic Covered Bonds listed on any other stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the date of such delivery.

In the case of VP Systems Covered Bonds, notices shall be given in accordance with the procedures of VPS, VP, VPC or any other relevant clearing system (as the case may be).

14 Meetings of Covered Bondholders

(a) Holders of Bearer Covered Bonds and/or Registered Covered Bonds

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by

Extraordinary Resolution of a modification of the Covered Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer or the Covered Bondholders if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the Covered Bonds for the time being remaining outstanding (as defined in the Agency Agreement). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement), or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds, Receipts or Coupons or the Agency Agreement (including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds, Receipts or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement), or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Covered Bonds for the time being outstanding (as defined in the Agency Agreement). An Extraordinary Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

(b) Holders of VP Systems Covered Bonds

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the VP Systems Covered Bonds or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Covered Bondholders and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the VP Systems Covered Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding a certificate (dated no earlier than 14 days prior to the meeting) from either VPS, VP, VPC or any other relevant clearing system (as the case may be) or a VP Systems Account Manager stating that the holder is entered into the records of VPS, VP, VPC or any other relevant clearing system (as the case may be) as a Covered Bondholder or representing not less than 50 per cent. in nominal amount of the VP Systems Covered Bonds for the time being outstanding and providing an undertaking that no transfers or dealing have taken place or will take place in the relevant VP Systems Covered Bonds until the conclusion of the meeting, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VP Systems Covered Bonds or the Agency Agreement (including modifying the date of maturity of the VP Systems Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VP Systems Covered Bonds or altering the currency of payment of the VP Systems Covered Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Covered Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting.

For the purposes of a meeting of Covered Bondholders, the person named in the certificate from VPS, VP, VPC or any other relevant clearing system (as the case may be) or a VP Systems Account Manager described above shall be treated as the holder of the VP Systems Covered Bonds specified in such certificate provided that he has given an undertaking not to transfer the VP Systems

Covered Bonds so specified (prior to the close of the meeting) and the Fiscal Agent shall be entitled to assume that any such undertaking is validly given, shall not enquire as to its validity and enforceability, shall not be obliged to enforce any such undertaking and shall be entitled to rely on the same.

15 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders, Receiptholders or Couponholders to create and issue further covered bonds ("**Further Covered Bonds**") having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

These Further Covered Bonds, even if they are treated for non-tax purposes as part of the same series as the original Covered Bonds, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the Further Covered Bonds may be considered to have been issued with "original issue discount" ("**OID**") for U.S. federal income tax purposes, even if the original Covered Bonds had no OID, or the Further Covered Bonds may have a greater amount of OID than the original Covered Bonds. These differences may affect the market value of the original Covered Bonds if the Further Covered Bonds are not otherwise distinguishable from the original Covered Bonds.

16 Provision of Information

For so long as any Covered Bonds remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any holder of, or beneficial owner of an interest in, such Covered Bonds in connection with any resale thereof and to any prospective purchaser designated by such holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Covered Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 Governing law and submission to jurisdiction

- (a) The Agency Agreement, the Covered Bonds, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with any of them shall be governed by, and construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 2 and Condition 11 are governed by, and shall be construed in accordance with, Norwegian law. VP Systems Covered Bonds must comply with the relevant regulations and legislation (as amended from time to time) of VPS, VP or VPC (as the case may be) and the holders of VP Systems Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under (i) the Securities Registration Act of 5 July 2002 no. 64 and any related regulations and legislation, in the case of Covered Bonds registered at VPS, (ii) the relevant regulations and legislation in Sweden, in the case of Covered Bonds registered at VPC, and (iii) the relevant regulations and legislation in Denmark, in the case of Covered Bonds registered at VP.
- (b) The Issuer agrees, for the exclusive benefit of the Paying Agents, the Covered Bondholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection

with the Agency Agreement, the Covered Bonds, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints DNB Bank ASA (London Branch) at its registered office for the time being at 20 St Dunstan’s Hill, London EC3R 5HY as its agent for service of process, and undertakes that, in the event of DNB Bank ASA (London Branch) ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Fiscal Agent as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

SUMMARY OF NORWEGIAN LEGISLATION RELATING TO COVERED BONDS

Norwegian legislation

The following is a brief summary of certain features of Norwegian law governing the issuance of covered bonds in Norway, at the date of this Prospectus. The summary does not purport to be, and is not, a complete description of all aspects of the Norwegian legislative and regulatory framework pertaining to covered bonds.

As of the date of this Prospectus, the main legislation which governs covered bonds comprises an amendment to Chapter 2, Subsection IV of the Norwegian Financial Institutions Act of 1988 (the “**Financial Institutions Act**”) which came into legal effect on 1 June 2007 and regulation of 25 May 2007 issued by the Ministry of Finance (the “**Ministry**”) under the authority conferred on it by the Financial Institutions Act (the “**Regulation**”) which came into legal effect on 1 June 2007 (together, the “**Financing Legislation**”).

For the avoidance of doubt, references in this section to “covered bonds” are to covered bonds issued by a Credit Institution (as defined below) under any of its programmes.

Financing Legislation

Under the Financing Legislation, certain Norwegian credit institutions which meet the general definitions of a “**Financial Institution**” (*finansinstitusjon*) and “**Credit Institution**” (*kredittforetak*) contained in the Financial Institutions Act, and whose articles of association comply with prescribed mandatory requirements may issue covered bonds (*obligasjoner med fortrinnsrett*). The Financial Institutions Act defines Credit Institutions as credit businesses which are not banks (and whose activity is the receiving of funds or other assets to be repaid and the granting of credit and loans in its own name). Credit Institutions must hold licences issued by the King in order to conduct business as a Credit Institution. However, they are not required to obtain any specific governmental licence or approval in order to issue covered bonds, but must notify the NFSA at least 30 days in advance before the Credit Institution’s first issuance of covered bonds. The Issuer is a “**kredittforetak**”, as defined by the Financial Institutions Act, has received the required Credit Institution licence, and has adapted its articles of association to meet the mandatory requirements and, consequently, may issue covered bonds.

The Financing Legislation provides that holders of covered bonds (and also counterparties under derivatives contracts entered into for hedging purposes in relation to the covered bonds) have an exclusive and prioritised right of claim, on a *pari passu* basis between themselves and the counterparties under derivatives agreements relating to the covered bonds, over a pool of certain security assets (the “**Cover Pool**”). Under Norwegian law, an issuer of bonds, such as an issuer of covered bonds, must register the bonds in paperless book entry form by registration in the Norwegian Central Securities Depository (“**Verdipapirsentralen**” or “**VPS**”) if the bonds are issued in Norway. If the bonds are issued outside Norway, and (a) if in NOK, they can only be subscribed for by entities not residing in Norway, or (b) if in a currency other than NOK, there is no requirement for VPS registrations and the bonds may be issued as bearer bonds, registered bonds or by book entry into a securities registry.

The Statutory Register

The Credit Institution must maintain a register (the “**Statutory Register**”) of the issued covered bonds, the related derivatives agreements and the Cover Pool pertaining to such covered bonds and derivatives agreements.

The Statutory Register must at all times contain detailed information on the nominal value of the covered bonds, the related derivatives agreements and the assets which constitute the Cover Pool. Consequently, the Statutory Register must be updated on a regular basis to include any changes in relevant information.

Such registration is not in itself conclusive evidence of the Cover Pool pertaining to the covered bonds, but shall, according to the preparatory works to the Financial Institutions Act, serve as strong evidence.

Benefit of a prioritised claim

Pursuant to the Financial Institutions Act, if a Credit Institution which has issued covered bonds is declared bankrupt (*konkurs*), enters into debt negotiations pursuant to the Norwegian Bankruptcy Act, is liquidated, or is placed under public administration, the holders of covered bonds issued by the relevant Credit Institution and the counterparties to the relevant derivatives agreements will have an exclusive, equal and *pro rata* prioritised claim over the Cover Pool. The prioritised claims will rank ahead of all other claims, save for claims relating to the fees and expenses of a bankruptcy estate. According to the provisions of section 6-4 of the Norwegian Liens Act and section 2-35 of the Financial Institutions Act, a future bankruptcy estate of the Credit Institution will have a first priority lien over all of the assets included in the Cover Pool as security for fees and expenses incurred by the bankruptcy administrator ("**Bankruptcy Administrator**") and creditors' committee ("**Creditors' Committee**") in connection with the administration of the bankruptcy estate, ranking ahead of the claims of holders of covered bonds and of the counterparties to the relevant derivatives agreements. Such liens will, however, be limited to 700 times the standard Norwegian court fee (approximately NOK 602,000 in March 2011) in respect of each Cover Pool.

By virtue of the priority established by the Financial Institutions Act, claims of the holders of covered bonds and of the counterparties to the relevant derivatives agreements against a Credit Institution which has issued covered bonds will rank ahead of claims of all other creditors of the Credit Institution with respect to the Cover Pool (save for the priority described above granted to a bankruptcy estate in respect of fees and expenses).

Pursuant to the Financial Institutions Act, loans and receivables included in the Cover Pool may not be assigned, pledged, or made subject to any set-off. However, an exemption regarding the prohibition against set-off has been made in relation to derivative agreements, as further described in the Regulation.

Cover Pool – composition of assets

Pursuant to the Financial Institutions Act, the Cover Pool may only consist of certain assets, which include loans secured by various types of mortgages ("**Mortgages**"), on other registered assets (*realregistrerte formuesgoder*), loans granted to or guaranteed by certain governmental bodies ("**Government Loans**"), receivables in the form of certain derivatives agreements and supplemental assets.

The Mortgages may include residential mortgages, mortgages over other title documents relating to residences (together with the former "**Residential Mortgages**"), and mortgages over other real property ("**Other Property Mortgages**"). The real property and the registered assets which serve as security for the loans included in the Cover Pool must be located in a member state of either the European Economic Area ("**EEA**") or the Organisation for Economic Co-operation and Development ("**OECD**").

Government Loans must be either guaranteed or issued by governmental bodies which, in addition to belonging to a member state of either the EEA or the OECD, must meet certain additional requirements under the Regulation.

Supplemental assets may only consist of receivables of certain liquidity and certainty, and are as a general rule subject to a limit of 20 per cent. of the total value of the Cover Pool, as described below. However, under certain circumstances, and for a limited period of time only, the NFSA may approve an increase in this limit to 30 per cent. of the total value of the Cover Pool. The supplemental assets must also meet certain risk category requirements under the Regulation in order to be included among the assets which form the basis for the value calculation of the Cover Pool.

Loan to value ratios (and other restrictions)

Pursuant to the Regulation, when calculating the value of the Cover Pool assets consisting of loans secured by Mortgages, the following loan to value requirements apply to Cover Pool assets consisting of loans secured by Mortgages:

- (1) Loans secured by Residential Mortgages may not exceed 75 per cent. of the value of the property; and
- (2) Loans secured by Other Property Mortgages may not exceed 60 per cent. of the value of the property.

There is no restriction with regard to the proportion of the Cover Pool which may be represented by Residential Mortgages or Other Property Mortgages (although the Issuer is restricted contractually from including Other Property Mortgages in the Issuer Cover Pool). According to the Financial Institutions Act, the value of supplemental assets may not exceed 20 per cent. of the value of the Cover Pool. According to the Regulation, the proportion of the Cover Pool represented by Government Loans and receivables in the form of derivatives agreements may vary, depending on the risk category pertaining to the relevant assets.

Additional provisions regarding quantitative and qualitative requirements placed on the assets forming part of the Cover Pool are set out in the Regulation. In order to qualify for inclusion in the Cover Pool all legislative requirements must be met. However, if the Cover Pool assets at a later stage cease to meet the requirements of the Financial Institutions Act and/or the Regulation in relation to ratios, risk categories or proportion limits, such assets may nevertheless form part of the Cover Pool, but will be excluded from the calculation (which is required by the Financial Institutions Act and described below) of the value of the Cover Pool.

Valuations

The Financial Institutions Act requires that the value of the Cover Pool at all times must exceed, not by a specified amount, the aggregate value of the covered bonds which confer a right on the holders and the counterparties to derivatives agreements to a prioritised claim over that Cover Pool.

The calculation of the value of the Cover Pool assets consisting of loans secured by real estate or other registered assets is required to be made on a prudent basis, and such prudent value may not exceed the market value of each individual asset. The estimation of the value is required to be made by a competent and independent person (i.e. a person without involvement in the credit granting process) and be documented, and such documentation is required to include information on who performed the calculation and the principles on which the calculation was based. The value of residential real property may, however, be based on generally applicable price levels, when this is considered justifiable based on the market situation.

Balance and liquidity requirements

In order to ensure that the abovementioned requirement that the value of the Cover Pool at all times shall exceed the value of the covered bonds is complied with, each Credit Institution issuing covered bonds is required to establish systems for continued control of the development of the value of the Cover Pool assets and to monitor the development of the relevant market situations. If developments in the market situation or in the situation pertaining to an individual asset so warrants, the Credit Institution is required to ensure that a renewed calculation of the value is performed.

The Financial Institutions Act requires that the Credit Institution ensures that the cash flow from the Cover Pool is at all times sufficient to enable the Credit Institution to discharge its payment obligations towards the holders of covered bonds and counterparties under related derivatives agreements. The Credit Institution must also establish a liquidity reserve which shall be included in the Cover Pool.

Inspector

An independent inspector ("**Inspector**") shall be appointed by the Norwegian Financial Supervisory Authority (the "**NFSA**") prior to a Credit Institution issuing any covered bonds. The Inspector is required to monitor the Statutory Register and shall, at least every three months, review compliance with the Financial Institutions Act's provisions relating to the Statutory Register, including those which govern the composition and the balance of the Cover Pool.

The Credit Institution is required to give the Inspector all relevant information pertaining to its business. The Inspector must be granted access to the Statutory Register and may also request additional information. The Inspector may perform inspections of the Credit Institution, and shall at least every three months determine if the requirements of Sections 2-31 and 2-33 of the Financial Institutions Act, which set out, amongst other things, the requirements to maintain the value of the Cover Pool which must exceed the aggregate value of the covered bonds and to maintain a register of covered bonds are complied with. Furthermore, the Inspector shall submit annual reports of observations and assessments to the NFSA.

As of 28 May 2008, Ernst & Young was appointed by the NFSA as the Issuer's Inspector pursuant to Section 2-34 of the Financial Institutions Act.

Cover Pool administration in the event of bankruptcy

Bankruptcy or insolvency on the part of the Credit Institution does not in itself give the right to accelerate claims.

If a Credit Institution is declared bankrupt, a bankruptcy administrator of the bankruptcy estate will be appointed by the bankruptcy court.

If a Credit Institution which has issued covered bonds is declared bankrupt or enters into debt negotiations pursuant to the Norwegian Bankruptcy Act, and the Cover Pool meets the requirements of the Financing Regulation, the Bankruptcy Administrator and the Creditors' Committee (which is appointed by the Norwegian bankruptcy court and may consist of between one and three court appointed members) may take any action considered necessary to ensure that, to the extent possible, the holders of covered bonds and counterparties to related derivatives agreements receive timely payment of their respective claims including selling assets in the Cover Pool and issuing new covered bonds and entering into new derivatives instruments with a right of priority in respect of the assets in the Cover Pool.

If the bankrupt estate is unable to make timely payments to the covered bond holders or the counterparties to related derivatives agreements, the Bankruptcy Administrator and the Creditors' Committee must set a date to halt payments. If a halt of payments is initiated, further administration of the bankrupt estate will be conducted in accordance with Norwegian bankruptcy law. The Creditors' Committee will inform the holders of covered bonds and, if applicable, the counterparties to related derivatives agreements at the earliest opportunity of any such halt to payments and the date on which such halt to payments will be introduced, and it will consult with them in relation to any material decisions in respect thereof. A creditor who disagrees with a decision made by the bankruptcy administrator and the Creditors' Committee may appeal such decision to the Norwegian bankruptcy court.

The claims of the Covered Bondholders and counterparties to related derivatives agreements, in respect of all series of covered bonds in issue, will continue to have a prioritised claim against the Cover Pool. The amount of claims with a right of priority over the assets in the Cover Pool will be calculated as at the date on which the halt to payments was introduced. Assuming that a halt to payments is introduced in respect of both the covered bonds and any related derivatives agreements, the calculation will represent the discounted value of the relevant claims.

To the extent that holders of covered bonds are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to apply for the balance of their

claims as unsecured creditors of the Credit Institution and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Credit Institution not comprising the Cover Pool. The holders of covered bonds would in such case rank *pari passu* with any other holders of covered bonds issued by the Credit Institution, providers of related derivatives agreements and the other unsecured, unsubordinated creditors of the Issuer and, as a result, may not receive all amounts owed by the Credit Institution owed to such holders.

THE ISSUER COVER POOL

Composition of assets

The Financial Institutions Act prescribes that the Cover Pool may only consist of certain assets, which include loans secured by various types of mortgages, and requires that loans secured by Residential Mortgages do not exceed 75 per cent of the value of the collateral security. The Cover Pool primarily consists of Residential Mortgages, but also contains derivative contracts (hedging the interest rate and foreign currency risk in the Cover Pool) and amounts held by the Issuer on deposit with DNB Bank.

In respect of the Residential Mortgages in the Cover Pool, a dominant part of the Cover Pool is loans secured by privately owned dwellings. Dwellings owned by housing cooperatives account for most of the remaining part of the Cover Pool. About 2.5 per cent of the Cover Pool consists of mortgage loans collateralised by buildings owned by housing cooperatives. It is not expected that the proportion of mortgage loans collateralised by buildings owned by housing cooperatives will exceed 5 per cent of the Cover Pool in the future. As from March 2011, the Issuer has begun to include mortgages secured by second homes in the Cover Pool. The intention of the Issuer is that this asset class shall not exceed 3 per cent of the Cover Pool. All properties in the Cover Pool are located in Norway.

The amount of derivative contracts in the Cover Pool fluctuates with market conditions. The amount on deposit with DNB Bank is modest and fluctuates with the Issuer's general business.

However, the Issuer covenants under the Terms and Conditions of the Covered Bonds that the Cover Pool maintained by the Issuer under the Financial Institutions Act will comply with the requirements of the Financial Institutions Act save that it will only include loans secured by Residential Mortgages, mortgages over second homes or mortgages over title documents relating to residences (the "**Issuer Cover Pool**"). All references to the Cover Pool under the Financial Institutions Act shall be construed as the Issuer Cover Pool with respect to the Issuer, the Programme, the Covered Bonds and any matters relating to the Issuer, the Programme and the Covered Bonds.

Valuation of assets

The Financial Institutions Act prescribes that the prudent market value (where prudent means a conservative approach to ascertaining value, as prescribed in and determined in accordance with the Financial Institutions Act) of the Cover Pool will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at such time. However, the Issuer covenants under the Terms and Conditions of the Covered Bonds that at any time, the nominal par value (the "Value") of the loans in the Issuer Cover Pool (but excluding the nominal par value of each loan within the Issuer Cover Pool which is in arrears for 90 days or longer as well as that part of any mortgage that exceeds the relevant upper limit set forth in Norwegian legislation for the LTV for the respective type of Collateral) will not be less than the total aggregate outstanding principal amount of all Covered Bonds issued under the Programme and any other mortgage covered bonds of the Issuer in issue at the relevant time.

SUMMARY OF KEY TRANSACTION DOCUMENTS

Purchase or Origination of Residential Mortgages

The Issuer has purchased and may continue to purchase Residential Mortgages from DNB Bank or other members of the DNB Group or originate Residential Mortgages using the DNB Bank's retail banking network.

Residential Mortgages purchased from DNB Bank will be purchased under a master sale agreement and serviced by DNB Bank as described below. In the future, Residential Mortgages may be purchased from other members of the DNB Group ("**Group Residential Mortgages**") are, and will be, purchased by the Issuer under agreements entered into with those members for a consideration determined on a similar basis to that paid to DNB Bank under the Master Sale Agreement (as defined below) and containing similar representations and warranties and will be serviced by either DNB Bank or the member of the DNB Group that sold the Residential Mortgages, in each case to a servicing standard similar to that in the Service Agreement (as defined below) although such service agreement will not contain some functions, for example, an overdraft facility.

For Residential Mortgages originated by the Issuer using DNB Bank's retail banking network, representations or warranties as to the nature of the loans and security and manner of origination are given by DNB Bank in the Service Agreement similar to those set out below as Warranties given under the Master Sale Agreement.

Master Sale Agreement

General

Pursuant to the terms of a transfer agreement entered into by the Issuer (as purchaser) and DNB Bank on 16 February 2011 (the "**Master Sale Agreement**" which replaced the Master Sale Agreement entered into on 20 August 2009 and as amended or supplemented from time to time), the Seller has agreed to sell, and the Issuer has agreed to purchase Residential Mortgages.

All Residential Mortgages purchased or originated by the Issuer and included in the Cover Pool must satisfy eligibility requirements in accordance with the Financial Institutions Act and the Regulations (the "**Financing Legislation**") as specified in the section entitled "*Summary of Norwegian Legislation Relating to Covered Bonds*", including having a loan to value ratio of less than 75 per cent. (the "**Qualified Loans**"). Qualified Loans purchased or originated by the Issuer prior to 16 February 2011 are referred to as "Initially Qualified Loans" and those loans purchased or originated after 16 February 2011 are referred to as "New Qualified Loans" (the "**Initially Qualified Loans**" and the "**New Qualified Loans**" together being the "**Loans**" or "**Qualified Loans**").

Consideration

The consideration payable by the Issuer in respect of Qualified Loans purchased by the Issuer amounts to the total principal sum of the Qualified Loans being transferred (the "**Transferring Loans**") on the relevant transfer date plus total accrued interest in respect of the Transferring Loans for the period up until the transfer of the Transferring Loans is completed. In accordance with Norwegian legislation, the Transferring Loans are transferred at fair value. Hence, the amount payable may vary slightly from the total principal amount plus total accrued interest.

The consideration payable for the Qualified Loans purchased by the Issuer prior to the first issue by the Issuer of covered bonds was funded by the Seller (in the form of equity, subordinated loans, covered bonds and an overdraft facility advanced by the Seller (the "**Overdraft Facility**", which is part of the Service Agreement. For a description of the Overdraft Facility, see "*Service Agreement*"). Claims by the Seller for any amounts payable in respect of the Overdraft Facility shall, in the event of the Issuer's compulsory liquidation, entry by the Issuer into a voluntary arrangement or other such

agreement with its creditors or in connection with the Issuer's liquidation, be subordinate to the claims of the Covered Bondholders.

Registration and Transfer of Legal Title

The transfer and assignment of each Qualified Loan purchased by the Issuer shall be effected by the relevant Qualified Loan being entered into the Issuer's register of assets held within the cover pool in accordance with the Financing Legislation (the "**Cover Pool Register**"), entered into the Issuers' accounts and deregistered in the loan register and accounts of the Seller. If the Issuer has originated the Qualified Loan itself, the Loan will on origination be included in the Cover Pool Register.

The Seller shall notify each borrower under the Transferring Loans, in writing, of the transfer to the Issuer at its earliest convenience following the transfer (the "**Transfer Notices**") unless the Seller receives other instructions from the Issuer.

Representations and Warranties

The Issuer has not made (nor will it make) any of the investigations which a prudent purchaser would normally make in relation to the acquisition of secured loans. In addition, the Issuer has not made (nor will it make) any investigations as to whether (i) the Transferring Loans are advanced in accordance with the relevant legislation; or (ii) secured loans are validly established with the necessary legal protection; or (iii) secured loans can be subject to legal measures if a borrower under a Qualifying Loan defaults on its obligations.

In relation to the Transferring Loans and their related security, the Issuer will rely entirely on the representations and warranties (the "**Warranties**") given by DNB Bank or the relevant member of the DNB Group acting as seller (each a "**Seller**") to the Issuer. The Warranties given by the Seller under the Master Sale Agreement are that:

- (a) The Seller had all creditor rights to each of the loans and these rights are included in the transfer of the loans to the Issuer. The Seller confirms that none of the loans are encumbered with transfer restrictions;
- (b) All of the loans backed by collateral are validly established and binding for the borrowers and the guarantors in question. The loans and the collateral may be enforced in accordance with the wording of both the debt certificates and the collateral documents;
- (c) All collateral documents cover repayments of the respective loans' principal sums, interest, costs and expenses;
- (d) All necessary registrations are completed, or will be as soon as new loans have been established, to secure the Issuer's legal remedy with respect to the loans backed by collateral (the Seller will also ensure that necessary notifications are and/or will be given to the individual borrowers about the Issuer's acquisition of the loans backed by collateral);
- (e) All requirements stipulated in the Financing Legislation whereby loans can be deemed to be Qualified Loans are fulfilled on the transfer date, and all collateral which the Seller shall introduce in the Issuer's cover pool will be introduced there in accordance with the Financing Legislation as soon as possible;
- (f) The individual transferred loan agreements will not bind the Issuer to granting additional loans to any of the borrowers.

The Seller will immediately inform the Issuer in the event that one or more of the above-mentioned conditions are violated.

The Issuer and the Seller each represent and warrant that each loan has been and will be transferred and assigned in accordance with the Act on Financial Contracts of Financial Assignment (No. 46 of 25 June 1999) and all other applicable laws.

Purchase by the Seller on Breach of Warranty

If there is a breach of any Warranty given by the Seller, as determined conclusively by the courts, the Seller shall be required to repurchase the relevant secured loan immediately from the Issuer for a consideration equal to the then remaining principal sum of the relevant loan plus any accrued interest for the period until the relevant loan is transferred to the Seller. The Seller shall also be required to refund any costs incurred by the Issuer as a result of such repurchase.

Governing Law

The Master Sale Agreement is governed by Norwegian Law.

Service Agreement

Pursuant to the terms of the service agreement entered into between the Issuer and DNB Bank as servicer (the “**Servicer**”) on 16 February 2011 as amended or supplemented from time to time, and which replaced the service agreement entered into on 20 August 2009, the “**Service Agreement**”), the Servicer has agreed to (i) carry out marketing, sales and distribution of Residential Mortgages on behalf of the Issuer; and (ii) manage the Cover Pool. Residential Mortgages purchased from members of the DNB Group other than DNB Bank will be serviced either by DNB Bank or the member of the DNB Group that sold the Residential Mortgages, in each case to a servicing standard similar to that in the Servicing Agreement, as set out below, although such service agreement will not contain some functions such as, for example, an overdraft facility. A service agreement with Nordlandsbanken was signed on 16 December 2010.

Marketing, sale and distribution of Residential Mortgages

As a part of its duties under the Service Agreement, the Servicer has agreed to undertake the marketing, sales and distribution of Residential Mortgages on behalf of the Issuer (including product development, granting credit lines, issuing documents, concluding loan agreements and agreements for furnishing security and establishing any necessary legal protection).

Servicing of the Loans

The Servicer shall conduct management of the Cover Pool in a prudent manner, in accordance with the terms of the Service Agreement and the Financing Legislation, other relevant legislation (which includes but is not limited to capital requirement rules based on internal measurements, legislation regarding the use of information and communication technology and personal data legislation) and sound business standards. The Servicer’s role shall include, but is not limited to, the following tasks:

- (a) providing assistance to the Issuer in obtaining all relevant approvals, permits, consents and licences required for its operation;
- (b) monitoring the size of the Cover Pool to ensure that it comprises only assets which meet the eligibility criteria in the Financing Legislation;
- (c) monitoring the loan-to-value ratio of Residential Mortgages to ensure that this does not exceed 75 per cent when the Residential Mortgages are included in the Cover Pool;
- (d) monitoring the Cover Pool to ensure that the requirements set out in the Financing Legislation relating to, amongst other things, location, risk, and classification, are complied with at all times;

- (e) monitoring the maturity and the loan-to-value ratio of the assets in the Cover Pool to ensure that the value of the Cover Pool at all times exceeds the value of the Covered Bonds, and that the interest returns from the Cover Pool at all times exceed the sum of the costs linked with the Covered Bonds, having regards to cash flows from the interest rate and currency contracts concluded;
- (f) providing regular reports to demonstrate to the Issuer compliance with the Financing Legislation;
- (g) establishing and constantly maintaining registers showing records of all Residential Mortgages, derivative contracts, substitute collateral and covered bonds owned or issued by the Issuer, specifying such details as are required by the Financial Institutions Act (and allowing access to such registers by the Issuer, the Issuer's auditors and the Inspector appointed in respect of the Covered Bonds); and
- (h) administering and maintaining the accounts of the Issuer separately to those of the Servicer.

Collection and Enforcement Procedures

The Servicer will, on behalf of the Issuer, send out instalment payment notices in accordance with the procedures that apply for the Servicer's own loans and that are otherwise employed by an ordinary, prudent credit institution.

The Servicer will also comply with similar procedures in respect of sending reminders, debt recovery and taking any legal steps to protect the Issuer's interests in defaulted Residential Mortgages and the related security, or other parts of the Cover Pool. The Servicer shall keep the Issuer continuously informed of which loans are in default and what steps are being taken in respect of such defaulting loans. The Servicer will ensure that any sums recovered on behalf of the Issuer are credited to the defaulted loan account directly or within two working days of such sum being recovered by the Servicer.

Fees

Under the Service Agreement, DNB Bank is authorised to set prices for customers (both interest rates and charges) on all Residential Mortgages covered by the Service Agreement. The Issuer will retain a minimum level of earnings on all loans encompassed by the Service Agreement to cover costs and return on equity ("**Minimum Earnings**"). Net interest and commission income in excess of the Minimum Earnings on the same loans will accrue to DNB Bank and are the fee payable to DNB Bank under the Service Agreement.

The Minimum Earnings shall cover:

- (a) a proportionate share of operating expenses (calculated on the basis of loan volumes from DNB Bank ASA relative to the Issuer's total portfolio) according to the current budget;
- (b) normalised losses on each budget date (calculated by using the DNB Group's IRB models for the type of Residential Mortgage portfolio held by the Issuer); and
- (c) the Group's risk-adjusted profitability target:
 - return on risk-adjusted capital according to budget in 2012, 10 per cent. after tax, and
 - interest on surplus capital according to budget (equity in excess of risk-adjusted capital), corresponding to the ordinary internal transfer rate (the ordinary internal transfer rate set by the Treasury Department in DNB Markets) for the relevant settlement period.

If DNB Bank sets prices for customers which are too low to cover the Minimum Earnings to be retained by the Issuer, DNB Bank is required to pay the differential to the Issuer (a “negative” fee).

Duty of Confidentiality

The Servicer, and all officers and employees of the Servicer, have a duty of confidentiality under Section 18 of the Commercial Banks Act. The Servicer will effect the necessary measures to prevent unauthorised and illegal use of personal data and to prevent accidental loss or destruction of such information.

Termination and Cancellation of the Service Agreement

The Issuer may terminate the appointment of the Servicer with immediate effect by letter to the Servicer (and a copy to any relevant rating agency) in the event that:

- (a) the Servicer is in default of its payment obligations towards the Issuer under the Service Agreement and such breach continues for at least seven days after the Issuer has notified the Servicer of the defaulted payments or the Servicer itself has become aware of the default;
- (b) the Servicer is in default of other obligations under the Service Agreement and the Inspector or the NFSA is of the opinion that the default is material relative to the holders of Covered Bonds and such default continues for a period of 14 days after the Servicer has been given written notice of the default, demanding that it be remedied, or the Servicer itself has become aware of the default;
- (c) the Servicer is placed under public administration; or
- (d) it becomes illegal for the Servicer to perform all or a major portion of its obligations under the Service Agreement.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer satisfactory to the Issuer be appointed by the Issuer, the Servicer may voluntarily resign by giving not less than 12 months’ notice of termination to the Issuer.

Appointment of a replacement Servicer

In circumstances where its appointment is terminated, the Servicer shall:

- (a) ensure that all computer files relating to the managed Loans with their collateral, accounts, papers, registers, correspondence and other documents possessed by the Servicer on behalf of the Issuer, are delivered immediately to the Issuer or the Issuer’s authorised representative;
- (b) ensure that all monies and other assets held on behalf of the Issuer are delivered to the Issuer or the Issuer’s authorised representative;
- (c) perform other such acts that can reasonably be requested by the Issuer so that transition to the Substitute Servicer (as defined in the Service Agreement) shall take place in the best possible manner;
- (d) co-operate with and assist the Issuer and the Substitute Servicer (as defined in the Service Agreement) to ensure a good transfer of the Servicer function (including ensuring that payments from borrowers are paid into the new accounts); and
- (e) notify public authorities, insurance companies, borrowers and all relevant third parties of the change of Servicer.

Overdraft Facility

The Issuer has a committed credit facility with the Servicer (the “**Facility**”). The limit of the Facility is NOK 130 billion and, as of 31 March 2012, the drawn amount was NOK 99 billion.

The Facility is an integrated part of the Service Agreement between the Issuer and DNB Bank. The Service Agreement and, therefore, the Facility, may only be terminated by the Servicer with the consent of the Issuer, subject always to the right of DNB Bank to resign as described above.

Initially, apart from providing working capital to enable the Issuer to meet its daily ordinary business expenses, the main function of the Facility was to finance the Issuer's purchases of residential mortgages from DNB Bank.

Increasingly, purchases of residential mortgages from the Seller have been phased out. Instead, eligible residential mortgages are originated directly by the Issuer through the Servicer's branch network and the Servicer's employees acting on behalf of the Issuer. Still, the origination of new mortgages requires temporary unsecured debt financing in order to run smoothly.

In addition, a major reason for the Issuer taking unsecured debt from DNB Bank relates to the revised methodologies of the rating agencies. The revisions have significantly increased the requirements for overcollateralisation for the Issuer in order for it to maintain a "AAA" rating by Standard & Poor's or Fitch, or "Aaa" by Moody's. Unsecured debt finances overcollateralization of the Cover Pool and such debt does not form part of the statutory covered bond priority arrangements. As at 31 March 2012, the nominal overcollateralisation was 32.5 per cent, a level which is higher than that required by the rating agencies.

Governing Law

The Service Agreement is governed by Norwegian Law.

Derivative Contracts

General

The Financial Institutions Act allows the inclusion of derivative contracts in the Cover Pool. Such derivative contracts can be entered into in order to hedge interest rate, currency exchange or liquidity risks and may be taken into account in the assessment of the financial ratios and requirements of the Financial Institutions Act.

Pursuant to the requirements of the Financial Institutions Act, any such derivative contract can only be entered into with a counterparty which is: (i) a clearing house established in the EEA or the OECD area; (ii) a state or central bank in the EEA or OECD area; or (iii) a credit institution established in the EEA or OECD area. Each counterparty must comply with the credit rating requirements applicable thereto set out in the Financial Institutions Act.

In addition, pursuant to the Financial Institutions Act, derivative contracts must be allocated to the Cover Pool and the corresponding Covered Bonds to which they relate. The register of assets within the Cover Pool must, in relation to each derivative contract, set out information relating to (i) the name, identity and company number of the swap provider and its most recent rating; (ii) the address of the swap provider; (iii) the original and the remaining amounts owed under the derivative contract; (iv) the payment structure and the cash flow set out in the derivative contract; (v) the identity and address of any owner of collateral provided in respect of the derivative contract and (vi) any other claims the Issuer may have against the owner of such collateral.

The Issuer may enter into one or more ISDA Master Agreements (each including a schedule, a confirmation in respect of each derivative contract entered into thereunder, and a credit support annex) (together, each a "**Swap Agreement**") with one or more swap providers (each, a "**Swap Provider**") the terms of which will apply to the derivative contracts described immediately above (each derivative contract, a "**Covered Bond Swap**"). As at the date of this Prospectus, DNB Bank is the Swap Provider under all Covered Bond Swaps and all Covered Bond Swaps are entered into under one ISDA Master Agreement. A credit support annex has been put in place requiring that DNB Bank post collateral in the event it is downgraded. In such a case, right and title of the collateral will be transferred to the Issuer.

Under the terms of the Swap Agreement existing as at the date of this Prospectus, in the event that the relevant rating of the Swap Provider or any guarantor of the Swap Provider's obligations is downgraded by Moody's, Fitch and/or Standard and Poor's (each a "**Rating Agency**" and together the "**Rating Agencies**") below the rating specified in the Swap Agreement (in accordance with the requirements of the Rating Agencies) for the Swap Provider or any guarantor of the Swap Provider's obligations, the Swap Provider will, in accordance with the Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swaps, arranging for its obligations under the Covered Bond Swaps to be transferred to an entity with ratings required by the relevant Rating Agency, procuring another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor in respect of its obligations under the Covered Bond Swaps, or taking such other action (as confirmed by the relevant Rating Agency) as will result in the rating of the Covered Bonds then outstanding, following the taking of such action, being maintained at, or restored to, the level it was immediately prior to such ratings downgrade. A failure to take such steps will allow the Issuer to terminate the Swap Agreement.

The Swap Agreement may also be terminated in certain other circumstances, including (without limitation):

- at the option of any party to the Swap Agreement, if there is a failure by the other party to make timely payments of any amounts due under the Swap Agreement; and
- upon the occurrence of the insolvency of the Swap Provider or any guarantor of the Swap Provider's obligations,

and on any other event of default or termination event set out in the Swap Agreement (each of these events, together with the Issuer's termination right described immediately above, in relation to a ratings downgrade of the Swap Provider, a "**Swap Early Termination Event**"), including

Upon the termination of the Covered Bond Swaps as a result of a Swap Early Termination Event, the Issuer or the Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Swap Agreement.

The Swap Agreement (including each Covered Bond Swap thereunder) is governed by English law.

The Issuer may decide to introduce deferral of payment mechanics into the Covered Bond Swaps at some point in the future. If the Issuer introduces deferral of payment mechanics into the Covered Bond Swaps, and the substitute assets available to the Issuer on a payment date are insufficient to make the payment ordinarily required in full, the payment obligations of both the Issuer and the Swap Provider under the relevant Covered Bond Swaps on that payment date will be reduced accordingly and will be deferred.

Currency Swaps

If a particular Tranche of Covered Bonds is issued in a currency other than NOK, the Issuer will enter into a currency swap for the purpose of hedging the resulting currency exchange risk.

Interest Rate Swaps

To provide a hedge against the variance between the rates of interest payable on the assets in the Cover Pool and the rate of interest payable by the Issuer in respect of a Tranche of Covered Bonds, the Issuer may also enter into an interest rate swap in respect of the relevant Tranche of Covered Bonds.

Restrictions on Use of Derivative Contracts

The Issuer uses derivatives, including the swaps described above, strictly for hedging purposes and these are designated as hedging instruments. Derivatives are not used in trading activities or for speculative purposes.

The interest rate risk is governed by section 5 of the Regulations, the liquidity risk by section 6 and the foreign exchange risk by section 7 of the Regulations.

In addition, the Issuer complies with restrictions on currency related derivative activities under the Financial Institutions Act. In respect of assets within the Cover Pool, the Issuer complies with the currency matching requirements set out in the Financial Institutions Act and provisions applicable to cover assets derivative contracts.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

The Issuer is a limited company incorporated under the laws of the Kingdom of Norway and was originally established in Norway as a finance company on 14 June 2003 with registration number 985 621 551. The Issuer's registered address is Kirkegaten 21, c/o DNB Bank ASA, N-0021 Oslo, Norway, and its office address is Kirkegaten 21, N-0021 Oslo, Norway. The telephone number of the Issuer is +47 91503000.

The Issuer issues covered bonds under the U.S. Programme, the Australian Programme and the Programme. The Issuer is a wholly-owned subsidiary of DNB Bank, part of DNB Bank's Group Finance and Risk Management business area and an important funding vehicle for the DNB Group. Pursuant to article 1 of its articles of association, the main object of the Issuer is to extend and acquire residential mortgages, mortgages over second homes and mortgages over title documents relating to residences. The Norwegian Financial Supervisory Authority granted the Issuer a licence to operate as a finance company on 11 August 2005, and licensed it to become a Mortgage Credit Institution on 9 May 2007. For further information on the regulatory environment in which the Issuer operates, see "*Summary of Norwegian Legislation relating to Covered Bonds*".

Operations

The Issuer employs 12 staff directly. The main task of the staff is to administer and monitor the Cover Pool, ensuring that the Cover Pool is at all times compliant with all the requirements of the Norwegian covered bond legislation and the rating agencies. In addition, the staff administers the Service Agreement with DNB Bank. The staff completes financial reporting, risk reporting and analysis on the Issuer as well as provides reports to, and communicates with, the rating agencies. All other activities, including origination and all other lending operations, are performed by DNB Bank pursuant to the Service Agreement, as more fully described under "*Summary of Key Transaction Documents – Service Agreement*" above.

Since August 2005, the Issuer has acquired mortgage portfolios from DNB Bank at fair market value (as agreed between DNB Bank and the Issuer). The Issuer also originates new loans through DNB Bank's distribution channels. Increasingly, the Issuer has and will continue to originate Residential Mortgages directly for inclusion in the Cover Pool. This portfolio is financed by Covered Bonds and through DNB Bank by subordinated loan capital and equity as well as unsecured senior debt that does not benefit from statutory priority over the Cover Pool.

On 16 February 2011, the Issuer and DNB Bank entered into the Master Sale Agreement to replace the sale agreements entered into on 20 August 2009. Since 31 December 2010, the Issuer has acquired loans exclusively from companies in the DNB Group (although the Issuer is permitted to acquire loans from other entities if it enters into a new sale and purchase agreement with such party). The Master Sale Agreement is further described under "*Summary of Key Transaction Documents – Master Sale Agreement*".

On 16 December 2010, the Issuer entered into a sale agreement and a service agreement with Nordlandsbanken ASA ("**Nordlandsbanken**").

Nordlandsbanken was acquired by DNB Bank in 2003 and is a subsidiary of the Bank. The CEO of Nordlandsbanken is also an Executive Vice President in the Retail Area in DNB Bank. Nordlandsbanken uses the same standard form loan documentation and has the same mortgage origination process as DNB Bank. Nordlandsbanken operates in Nordland, a province in the north of Norway. In accordance with a resolution from the Finance Ministry dated 28 June 2011, Nordlandsbanken will be formally integrated into DNB Bank in the course of 2012.

Separate U.S. covered bond programme

In addition to the Programme, the Issuer has an active U.S. \$12,000,000,000 covered bond programme (the "**U.S. Programme**") pursuant to which it has issued, and may further issue, covered bonds denominated in any currency. As with Covered Bonds issued under the Programme, covered

bonds issued under the U.S. Programme have been admitted to trading on the Luxembourg Stock Exchange's regulated market and are listed on the Official List of the Luxembourg Stock Exchange. Under the terms of the U.S. Programme, the Issuer will issue Covered Bonds to the Covered Bondholders on each Issue Date. The Covered Bonds will be unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other obligations of the Issuer that have been provided the same priority as debt instruments issued in accordance with the Financial Institutions Act. It is the Issuer's intention to use the U.S. Programme as a funding platform to issue Covered Bonds pursuant to and in reliance on Rule 144A of the Securities Act.

Australian covered bond programme

In May 2011 the Issuer established a separate covered bond programme in Australia (the "**Australian Programme**") pursuant to which it has issued, and may further issue, covered bonds normally denominated in Australian dollars. Covered bonds issued under the Australian Programme will be issued in accordance with the law in force in New South Wales, Australia (subject to certain provisions which will be governed by Norwegian law). Covered bonds issued under the Australian Programme have been admitted to the official list of the Australian Securities Exchange.

All Covered Bonds issued by the Issuer will share the benefit of a shared Cover Pool

All covered bonds issued under the U.S. Programme, the Australian Programme, the Programme and any other mortgage covered bonds issued by the Issuer (which rank *pari passu* with the Issuer's derivative contracts) have, and will have, the benefit of a statutory preference under the Financial Institutions Act and the Regulations on the Cover Pool maintained by the Issuer. The Issuer maintains only one Cover Pool in respect of the covered bonds issued under the U.S. Programme, the Australian Programme, the Programme and any other mortgage covered bonds that it may issue from time to time and the Covered Bondholders will share the benefit of the Cover Pool with all other covered bondholders.

Derivative instruments

The Issuer enters into derivative instruments with DNB Bank and may enter into derivative instruments with other parties, comprising interest rate swaps and currency swaps, for the purpose of hedging interest rate and currency risk relating to the Issuer's funding and lending operations as described in "*Summary of Key Transaction Documents – Derivative Contracts*" above.

Financial information

The Issuer was initially established with a share capital of NOK 200,000. The first financial period of the Issuer ran from 14 June 2003 to 31 December 2003. The Issuer did not conduct any business between 14 June 2003 and 31 December 2004.

The audited annual financial statements for the years ended 31 December 2005 and 31 December 2006 were prepared in accordance with generally accepted accounting principles in Norway. In 2007, the Issuer adopted Norwegian IFRS Regulations. Norwegian IFRS Regulations allow the Issuer to record provisions for dividends and group contributions as liabilities on the balance sheet date. According to International Financial Reporting Standards, dividends should be classified as equity until formally approved by the shareholders of a company in a general meeting. In addition, Norwegian IFRS Regulations allow for simplified disclosures compared with International Financial Reporting Standards. On 1 January 2011 the Issuer changed its accounting policies to comply with IFRS.

The Issuer purchased its first mortgage portfolio from DNB Bank in August 2005 and finances the purchase of loans and the origination of new loans (i) by issuing Covered Bonds; (ii) by raising subordinated loan capital from DNB Bank; (iii) by increasing its share capital (which was last increased to NOK 2,127,000,000 at a general meeting on 21 March 2012); and (iv) through unsecured senior debt under the overdraft facility described in "*Summary of Key Transaction Documents – Service Agreement*" above.

MANAGEMENT OF THE ISSUER

Board of Directors

The Issuer's Board of Directors consists of five members and one deputy elected by the Supervisory Board. The current directors are as follows:

Bjørn Erik Næss	Chairman of the Issuer, CFO and Group executive vice president of Group Finance and Risk Management in DNB Bank
Katrine Trovik	Vice-chairman of the Issuer, Executive Vice President, Bergen/Hordaland Division, Retail Banking in DNB Bank
Stein Ove Steffensen	Senior Vice President, Loan Portfolio Management in Corporate Banking Area in DNB Bank
Rein Øsebak	Actuary, retired
Elisabeth Ege	Senior Adviser SINTEF Bedriftsutvikling AS
Reidar Bolme	Deputy of the Board of Directors, Executive Vice President of Treasury, DNB Markets in DNB Bank

The address of the members of the board and the executive management is the registered address of the Issuer. None of the directors are engaged in any activity outside the Issuer which would be significant with respect to the Issuer.

The Board of Directors is required to conduct its functions in accordance with the applicable rules of procedure adopted at the meeting of the Board of Directors held on 12 February 2009.

Auditors

The Issuer's current statutory auditor is Ernst & Young AS of Dronning Eufemias gate 6, 0154 Oslo, with company registration number 976 389 387. Ernst & Young AS is also the current statutory auditor of DNB Group.

The Issuer's financial statements as of and for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 were audited by Ernst & Young AS.

The auditor's statements for the financial years ended 31 December 2011, 31 December 2010 and 2009 were unqualified.

Other than as stated above, no other information in this Prospectus has been audited by the Issuer's auditor.

Conflict of interest within administration, management, and supervisory bodies

Under Norwegian law, three out of five of the Issuer's board members may be appointed from the DNB Group. DNB Bank employs three of the five current members and also the deputy of the Issuer's Board of Directors, and the actual composition of the board is in accordance with the relevant regulations. Although the Issuer is a wholly owned subsidiary of DNB Bank, the Issuer's primary business is to issue Covered Bonds on behalf of the DNB Group, and therefore the Issuer does not believe that conflicts of interest will arise. Furthermore no conflict of interest exists between the directors duties to the Issuer and their private interests or other duties.

Jurisdiction

The Issuer is incorporated under the laws of the Kingdom of Norway. Should the Issuer conduct operations outside Norwegian jurisdiction, such operations will also be governed by the laws and regulations of the country in question.

Shareholders, Management and Employees

The Issuer is a wholly owned subsidiary of DNB Bank. DNB Bank is a wholly owned subsidiary of DNB ASA, which is the holding company of the DNB Group and its shares are listed on the Oslo Stock Exchange.

The following persons are members of the Issuer's management:

Øyvind Birkeland, Chief Executive Officer

Roar Sørensen, Chief Financial Officer

Jan Otto Lahn, Head of Company Secretariat and Compliance

Fred Skarsteen, Head of Lending Residential Real Estate

Helge Stray, Head of Capital Markets and Regulations

Gunnar Gabrielsen, Head of Lending Commercial Real Estate (DNB Næringskreditt)

Håkon Røsand, Head of Rating and Investor Information

DESCRIPTION OF THE DNB GROUP

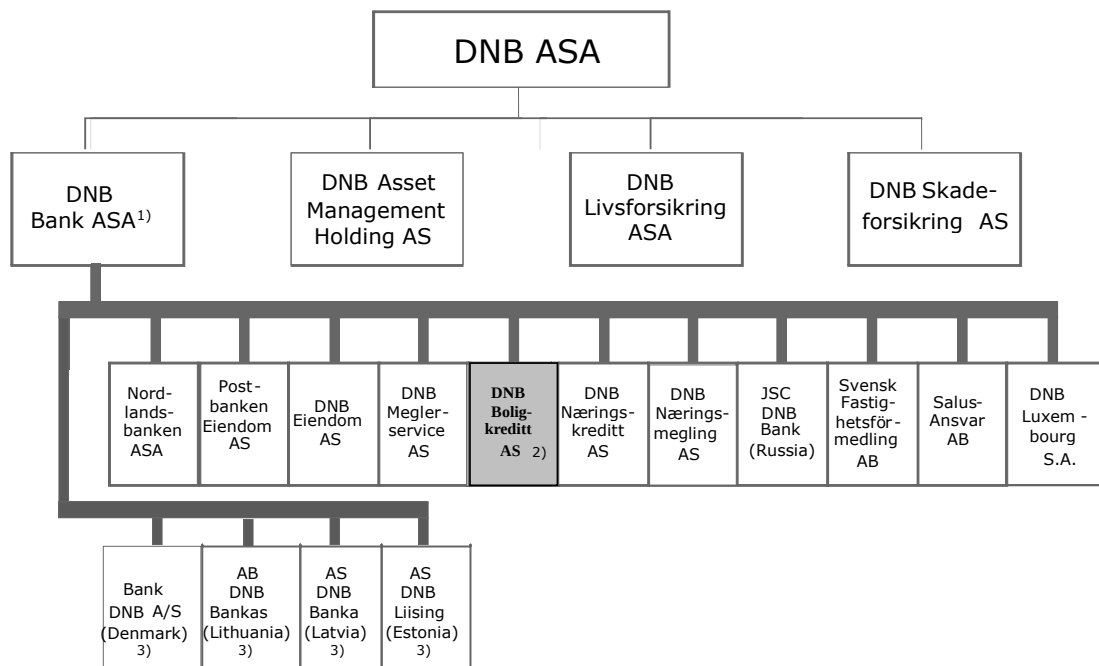
DNB Group

DNB ASA and its subsidiaries (the “**DNB Group**” or the “**Group**”) constitute Norway’s largest financial services group in terms of consolidated total assets of NOK 2,371 billion as of 31 March 2012. The DNB Group has 2.1 million retail customers (representing approximately 40 per cent. of Norway’s population), more than 220,000 corporate customers and approximately 1 million insurance customers in Norway (*Source: DNB*).

The DNB Group offers a full range of financial services including lending, deposits, foreign exchange and interest rate products, investment banking products, life insurance and pension saving products, non-life insurance products, equity funds, asset management and securities operations as well as real estate brokering.

DNB ASA is the holding company of the DNB Group and its shares are listed on the Oslo Stock Exchange. As of 31 March 2012, the Norwegian government holds 34 per cent. of DNB ASA’s shares.

Currently, the DNB Group has the following legal structure (reflecting the major companies of the Group):



1) Major subsidiaries only.

2) The Issuer.

3) Operations in DNB Baltics and Poland (former DnB NORD) will be integrated in DNB and are thus under

The activities of the DNB Group are organised in the business areas of Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management. Operational tasks and group services are carried out by the Group’s staff and support units, which provide infrastructure and cost efficient services to the business areas.

DNB Bank

Introduction

DNB Bank is Norway's largest bank as measured by total assets as of 31 March 2012 and is the largest company in the DNB Group. DNB Bank is the main unit in the DNB Group.

Business overview

DNB Bank's core business areas are Retail Banking and Large Corporates and International. In addition, DNB Bank's operations include DNB Markets, Norway's largest provider of a wide range of securities and investment banking services.

At 31 March 2012, DNB Bank had 173 domestic DNB branded bank branches, nine international branches and five international representative offices. The domestic distribution network also includes an additional 15 branches under the Nordlandsbanken's brand name as well as 179 post office counters, about 1,230 in-store postal outlets and about 1,030 in-store banking outlets, through all of which banking services are offered. DNB Eiendom and Postbanken Eiendom, two wholly-owned real estate brokerage subsidiaries of the Bank, had 109 and 28 sales offices respectively at 31 March 2012.

Retail Banking

Retail Banking is responsible for serving private customers and small and medium-sized enterprises in Norway. Operations are based on the brands DNB and Nordlandsbanken, whereas credit cards are also distributed through external partners under the Cresco brand. The business area is divided into seven geographical divisions. In addition, Private Banking, DNB Finans and Telephone and Online Banking are organised as separate divisions. The subsidiaries, DNB Eiendom and Postbanken Eiendom, together with Svensk Fastighetsförmedling and SalusAnsvar in Sweden, are also part of the business area. In DNB's consolidated accounts, DNB Boligkreditt is reported along with the Retail Banking business area.

Retail Banking has more than 2.1 million private customers. At the end of March 2012, 1.54 million customers had loyalty programmes and product packages. Retail Banking had 221,000 corporate customers at end-March 2012 and is Norway's largest retail bank in terms of total assets with an average of NOK 824.4 billion of net lending and NOK 432.2 billion of deposits from customers in the first quarter of 2012.

Residential mortgage loans are by far the most important lending product of Retail Banking. Of total lending within Retail Banking at 31 March 2012, NOK 552 billion was in the form of residential mortgages. Of the residential mortgages, approximately 87 per cent. were loans with a loan to collateral value ratio of 60 per cent. or less and approximately 97 per cent. were loans with a loan to collateral value ratio of 80 per cent. or less.

DNB Boligkreditt is instrumental in securing the Group access to long-term funding through the issue of covered bonds with the goal of securing the bank access to lower priced funding and thus greater competitive power.

Mortgage products offered by DNB Bank

DNB Bank offers a variety of fixed rate and variable rate categories of mortgage loans products to borrowers through DNB Bank's Retail Banking business area. DNB Bank or, if the Issuer has originated the loan directly, the Issuer provides any of the following of mortgage products, which in each case may comprise one, or a combination of, the following (collectively, the "**Mortgage Loans**"):

- Variable Interest Rate Home Equity Credit Line ("*rammelån*")
- Variable Interest Rate Mortgage loans

- Fixed Interest Rate Mortgage loans that are subject to a fixed interest rate for a specified period of time (one, three, five or ten years)

DNB Bank or the Issuer may also sell the following loans to housing associations:

- Variable Interest Rate Mortgage loans
- Fixed Interest Rate Mortgage loans

In connection with transfers of loans, DNB Bank warrants that all requirements stipulated in the Financial Institutions Act and the Regulations, whereby loans can be deemed to be Qualified Loans, are fulfilled on the transfer date.

Large Corporates and International

Large Corporates and International offers Norwegian and international businesses a broad range of financial products and services, in co-operation with several of the Group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency and interest rate products, trade finance and corporate finance.

The business area is responsible for payment services in the DNB Group, including cash management services, for all clients in Norway and at the banking group's international units. Corporate clients greatly value a broad range of products within this area. Straightforward solutions and global accessibility are important for this customer segment. DNB Bank has established joint solutions in its international branches, resulting in recognisability, predictability and simplicity for clients, independent of geographic location.

DNB Markets

DNB Markets is Norway's largest provider of securities and investment banking services (*Source: DNB*). DNB Markets comprises the following units: Fixed Income/Currencies/Commodities, Equities, Investment Products, Corporate Finance and Securities Services. The Group Treasury is organised within DNB Markets though profits and losses for the unit are not recorded under this business area.

DNB Markets aims to be the leading investment bank for Norwegian and Norwegian-related customers, as well as international clients requiring services relating to Norway and the Norwegian Kroner. Clients outside Norway are served through the Group's international units, especially shipping, energy and seafood clients and Norwegian companies' international entities. The business area has a diversified business/revenues mix (products and customers), a sound mix of customer and trading activities and cost-and capital-efficient operations. DNB Markets offers currency, interest rate and commodity derivatives, securities and other investment products, debt and equity financing in capital markets, as well as merger and acquisition and other advisory and corporate finance services and custodial and other securities services.

DNB Baltics and Poland

DNB Baltics and Poland is organised under the Large Corporates and International business area. The core markets are Estonia, Latvia, Lithuania and Poland, where the bank has a strong market position or a long-term growth potential. The bank provides a broad range of products to both the retail and corporate markets and is committed to developing a strong brand as a full-service bank.

NORWEGIAN MACRO-ECONOMIC CONDITIONS AND THE NORWEGIAN HOUSING MORTGAGE MARKET

According to the most recent official housing statistics by Statistics Norway, there were 2,343,010 dwellings in Norway on 1 January 2011. The last Population and Housing Census published in 2001 containing more detailed information, but not subsequently updated, indicated that 76.7 per cent of the total number of dwellings were owned by the occupants (*Source: Statistics Norway*).

Outlook for the Norwegian economy

The table below, which is reproduced from the OECD sets out (i) details of the GDP of the Norwegian mainland economy, (ii) the headline consumer price index ("CPI") and (iii) the rate of unemployment together with projections for the next four years.

GDP, Unemployment and CPI

Percentage change from previous year

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Norway									
GDP grow thrate	1.0	3.9	2.7	2.3	2.7	0.7	-1.7	0.3	1.5
CPI grow thrate	2.5	0.5	1.5	2.3	0.7	3.8	2.2	2.4	1.5
Unemployment rate	4.5	4.5	4.6	3.4	2.5	2.6	3.2	3.6	3.2
Sweden									
GDP grow thrate	2.5	3.7	3.2	4.6	3.4	-0.8	-5.1	5.4	4.1
CPI grow thrate	1.9	0.4	0.5	1.4	2.2	3.4	-0.5	1.2	2.9
Unemployment rate	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.4	7.5
UK									
GDP grow thrate	3.5	3.0	2.1	2.6	3.5	-1.1	-4.4	1.8	0.9
CPI grow thrate	1.4	1.3	2.0	2.3	2.3	3.6	2.2	3.3	4.5
Unemployment rate	5.0	4.8	4.9	5.5	5.4	5.7	7.6	7.9	8.1
Eurozone									
GDP grow thrate	0.7	2.0	1.8	3.3	3.0	0.3	-4.2	1.8	1.6
CPI grow thrate	2.1	2.2	2.2	2.2	2.1	3.3	0.3	1.6	2.6
Unemployment rate	8.7	9.0	8.9	8.2	7.4	7.5	9.4	9.9	9.9

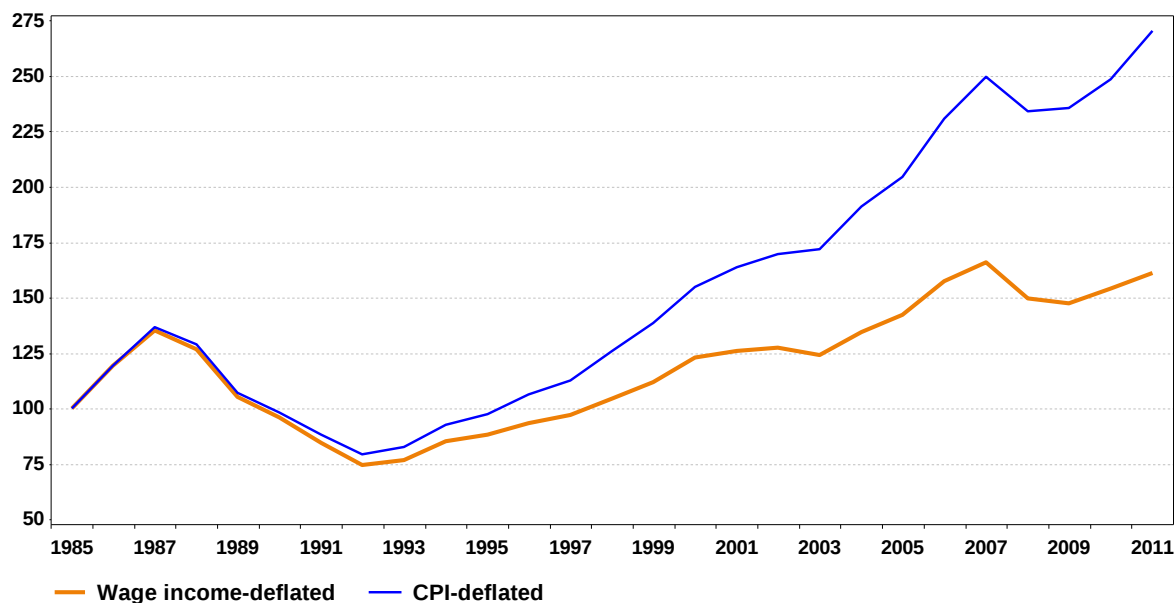
Source: OECD Economic Outlook no. 90 November 2011

From the summer of 2003 up until the end of 2007, Norway experienced a period of strong growth. Thereafter, the severe global downturn had a substantial effect on the open Norwegian economy (about half of all production is exported and half of all goods and services used are imported). Unemployment increased from 2.3 per cent. in March 2008 to 3.7 per cent. in November 2011 and have since then declined to 3.2 per cent in February 2012 (*Source: Statistics Norway*).

According to the OECD, the Norwegian general government's financial balance sheet showed a surplus of 12.5 per cent. of Norway's GDP in 2011 compared to the corresponding OECD negative average of (6.6) per cent.

As a general rule under current Norwegian tax law, for a Norwegian taxpayer, all borrowing costs (that is, costs incurred in establishing, servicing and terminating a loan, including, without limitation, all accrued interest costs, the costs of establishing collateral and delay costs) are deductible from taxable income. The applicable rate is 28 per cent. (*Source: the Norwegian act "Lov om skatt av formue og inntekt" (LOV-1999-03-26-14) (The Taxation Act), in particular sections 6-1 and 6-40*).

House Prices and the Financial Situation of Households



(Source: Statistics Norway).

During the period from 1993 to 2007, Norway experienced a strong rise in house prices. During the second half of 2007 and throughout 2008, prices decreased somewhat. Stimulated by substantial cuts in interest rates, housing prices started to rise in early 2009. To date in 2012, house prices are approximately 23 per cent. higher in nominal terms than the preceding peak in August 2007 (Source: SSB, EFF, NEF). Relative high house prices and the Financial Supervisory Authorities new recommendation of lowering the level of what is considered a prudent loan-to-value ratio from 90 to 85 per cent of the property's market value may slow the speed of price increases. High population growth, not sufficient building activity, high income growth, a low and stable level of unemployment and prospects for a relative long period with low interest rates may however promote further prices increases in the housing market (Source: DNB).

Regulation of the Norwegian Residential Mortgage Market

Pursuant to the Financial Institutions Act, any entity conducting financial activities in Norway, such as the granting of loans secured by residential mortgages, must be authorised by the Norwegian authorities and is subject to regulatory requirements in its capacity as a financial institution pursuant to the Financial Institutions Act.

Mortgage companies, such as the Issuer, must have their registered office and head office in Norway. The relevant mortgage company is subject to capital adequacy requirements set out in the Financial Institutions Act and regulations issued thereunder. The capital adequacy requirements entail that the mortgage company must, at all times, maintain a satisfactory capital ratio based on the credit risk, market risk and the operational risk relating to the company. The relevant mortgage company's articles of associations must be approved by such Norwegian authorities and may not be amended without approval from the authorities. A mortgage company is further subject to several requirements, in particular, extensive reporting requirements.

TAXATION

Prospective purchasers of Covered Bonds are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are residents of a purchase of Covered Bonds, including, but not limited to, the consequences of receipts of interest and sale or redemption of Covered Bonds.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, WE ADVISE YOU THAT ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE COVERED BONDS TO BE ISSUED PURSUANT TO THIS PROSPECTUS. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Covered Bonds by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Covered Bond that may be issued under the Programme, and the relevant Final Terms may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Covered Bond as appropriate. This summary deals only with purchasers of Covered Bonds that are U.S. Holders and that will hold the Covered Bonds as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Covered Bonds by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Covered Bonds as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Covered Bonds that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created in or organised under the laws of the United States or any State or political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Covered Bonds will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Covered Bonds by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Covered Bonds are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Covered Bond may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

This summary addresses Covered Bonds that will be treated as debt for U.S. federal income tax purposes. If, at the time of issuance, the Issuer believes that Covered Bonds of a given series will not be treated as debt for U.S. federal income tax purposes, the tax treatment of such Covered Bonds may be discussed in the applicable Final Terms.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Covered Bond, including the payment of any additional amounts, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Covered Bond” that is not “qualified stated interest” (each as defined below under “Original Issue Discount – General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Covered Bonds and OID, if any, accrued with respect to the Covered Bonds (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Covered Bonds issued with original issue discount (“**OID**”). The following summary does not discuss Covered Bonds that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

A Covered Bond, other than a Covered Bond with a term of one year or less (a “**Short-Term Covered Bond**”), will be treated as issued with OID (a “**Discount Covered Bond**”) if the excess of the Covered Bond’s “stated redemption price at maturity” over its issue price is at least a *de minimis* amount (0.25 per cent. of the Covered Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Covered Bond if the excess of the Covered Bond’s stated redemption price at maturity over its issue price is greater than or equal to 0.25 per cent. of the Covered Bond’s stated redemption price at maturity multiplied by the weighted average maturity of the Covered Bond. A Covered Bond’s weighted average maturity is the sum of the following amounts determined for each payment on a Covered Bond (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Covered Bond’s stated redemption price at maturity. Generally, the issue price of a Covered Bond will be the first price at which a substantial amount of Covered Bonds included in the issue of which the Covered Bond is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Covered Bond is the total of all payments provided by the Covered Bond that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on a Covered Bond that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the

circumstances described below under “Variable Interest Rate Covered Bonds”), applied to the outstanding principal amount of the Covered Bond. Solely for the purposes of determining whether a Covered Bond has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Covered Bond, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Covered Bond.

U.S. Holders of Discount Covered Bonds must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Covered Bonds. The amount of OID includible in income by a U.S. Holder of a Discount Covered Bond is the sum of the daily portions of OID with respect to the Discount Covered Bond for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Covered Bond (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Covered Bond may be of any length selected by the U.S. Holder and may vary in length over the term of the Covered Bond as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Covered Bond occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Covered Bond’s adjusted issue price at the beginning of the accrual period and the Discount Covered Bond’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Covered Bond allocable to the accrual period. The “adjusted issue price” of a Discount Covered Bond at the beginning of any accrual period is the issue price of the Covered Bond increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Covered Bond for an amount less than or equal to the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Covered Bond immediately after its purchase over the Covered Bond’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, over the Covered Bond’s adjusted issue price.

Market Discount

A Covered Bond, other than a Short-Term Covered Bond, generally will be treated as purchased at a market discount (a “**Market Discount Covered Bond**”) if the Covered Bond’s stated redemption price at maturity or, in the case of a Discount Covered Bond, the Covered Bond’s “revised issue price”, exceeds the amount for which the U.S. Holder purchased the Covered Bond by at least 0.25 per cent. of the Covered Bond’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Covered Bond’s maturity (or, in the case of a Covered Bond that is an instalment obligation, the Covered Bond’s weighted average maturity). If this excess is not sufficient to cause the Covered Bond to be a Market Discount Covered Bond, then the excess constitutes “*de minimis* market discount” and such Covered Bond is not subject to the rules in the following paragraph. For this purpose, the “revised issue price” of a Covered Bond generally equals its issue price, increased by the amount of any OID that has accrued on the Covered

Bond and decreased by the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Covered Bond (including any payment on a Covered Bond that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Covered Bond. Alternatively, a U.S. Holder of a Market Discount Covered Bond may elect to include market discount in income currently over the life of the Covered Bond. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the “IRS”). A U.S. Holder of a Market Discount Covered Bond that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Covered Bond that is in excess of the interest and OID on the Covered Bond includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Covered Bond was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Covered Bond with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Covered Bond using the constant-yield method described above under “Original Issue Discount – General,” with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “Covered Bonds Purchased at a Premium”) or acquisition premium. If a U.S. Holder makes this election for the Covered Bond, then, when the constant-yield method is applied, the issue price of the Covered Bond will equal its cost, the issue date of the Covered Bond will be the date of acquisition, and no payments on the Covered Bond will be treated as payments of qualified stated interest. This election will generally apply only to the Covered Bond with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Covered Bond has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant-yield method to all interest on a Covered Bond is made with respect to a Market Discount Covered Bond, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Covered Bonds

Covered Bonds that provide for interest at variable rates (“**Variable Interest Rate Covered Bonds**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Covered Bond will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Covered Bond by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least

annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Covered Bond is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Covered Bond (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Covered Bond’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Covered Bond.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Covered Bond will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Covered Bond’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Covered Bond’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Covered Bond provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Covered Bond’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Covered Bond which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Covered Bond is issued at a “true”

discount (i.e., at a price below the Covered Bond's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Covered Bond arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond.

In general, any other Variable Interest Rate Covered Bond that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Covered Bond. Such a Variable Interest Rate Covered Bond must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Covered Bond with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Covered Bond's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Covered Bond is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond. In the case of a Variable Interest Rate Covered Bond that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Covered Bond provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Covered Bond as of the Variable Interest Rate Covered Bond's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Covered Bond is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Covered Bond is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Covered Bond will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Covered Bond during the accrual period.

If a Variable Interest Rate Covered Bond, such as a Covered Bond the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Covered Bond will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Covered Bonds that are treated as contingent payment debt obligations will be more fully described in the applicable Final Terms.

Short-Term Covered Bonds

In general, an individual or other cash basis U.S. Holder of a Short-Term Covered Bond is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Covered Bonds on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder

not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Covered Bond will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Covered Bonds will be required to defer deductions for interest on borrowings allocable to Short-Term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Covered Bond are included in the Short-Term Covered Bond's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Covered Bond as if the Short-Term Covered Bond had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Covered Bond. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Covered Bonds Purchased at a Premium

A U.S. Holder that purchases a Covered Bond for an amount in excess of its principal amount, or for a Discount Covered Bond, its stated redemption price at maturity, may elect to treat the excess as "**amortisable bond premium**", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Covered Bond will be reduced by the amount of amortisable bond premium allocable (based on the Covered Bond's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Purchase, Sale and Retirement of Covered Bonds

A U.S. Holder's tax basis in a Covered Bond will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Covered Bond and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Covered Bond, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Covered Bond.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and the tax basis of the Covered Bond. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount – Market Discount" or "Original Issue Discount – Short Term Covered Bonds" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Covered Bond will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Covered Bonds exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Covered Bond generally will be U.S. source.

Foreign Currency Covered Bonds

Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Covered Bond) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Covered Bond that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Covered Bond or a sale of the Covered Bond), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market Discount on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Covered Bond, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder will generally recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date and on the date the Covered Bonds were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than

acquisition premium) into account currently will recognise a capital loss when the Covered Bond matures.

Sale or Retirement

As discussed above under “Purchase, Sale and Retirement of Covered Bonds”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and its tax basis in the Covered Bond. A U.S. Holder’s tax basis in a Covered Bond that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Covered Bond. The U.S. dollar cost of a Covered Bond purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Covered Bonds traded on an established securities market, as defined in the applicable Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Covered Bonds traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Covered Bond equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Covered Bond (or, if less, the principal amount of the Covered Bond) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Covered Bond. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Disposition of Foreign Currency

Foreign currency received as interest on a Covered Bond or on the sale or retirement of a Covered Bond will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Covered Bonds or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Covered Bonds, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. A U.S. Holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. Accordingly, if a U.S. Holder realises a loss on any Covered Bond (or, possibly, aggregate

losses from the Covered Bonds) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to penalties. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Covered Bonds.

NORWEGIAN TAXATION

Payments of principal and interest on the Covered Bonds issued under the Programme to persons who have no connection with Norway other than the holding of such Covered Bonds issued by the Issuer are, under present Norwegian law, not subject to Norwegian tax, and may hence be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

Capital gains or profits realised on the sale, disposal or redemption of such Covered Bonds by persons who have no connection with Norway other than the holding of the Covered Bonds are not, under present Norwegian law, subject to Norwegian taxes or duties.

No Norwegian issue tax or stamp duty is payable in connection with the issues of the Covered Bonds.

The Covered Bonds will not be subject to any Norwegian estate duties provided that, at the time of death of the holder, such holder has no connection with Norway other than the holding of such Covered Bonds and provided that the Covered Bonds have not been used in, or in connection with, any business activity operated through a permanent establishment situated in Norway.

Persons considered domiciled in Norway for tax purposes will be subject to Norwegian income tax on interest received in respect of the Covered Bonds. Likewise, capital gains or profits realised by such persons on the sale, disposal or redemption of the Covered Bonds will be subject to Norwegian taxation.

LUXEMBOURG TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

Non-resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June, 2005 (the “**Laws**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient

has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in a Programme Agreement dated 25 June 2007 (as amended and restated on 20 June 2008, 19 June 2009, 17 June 2010 and 17 June 2011 and amended or supplemented from time to time, the “**Programme Agreement**”) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated under “Form of the Covered Bonds” and “Terms and Conditions of the Covered Bonds” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme.

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Covered Bonds of any Series (i) as part of the distribution thereof at any time or (ii) until 40 days after the later of the commencement of the offering and the completion of the distribution, as determined by the Paying Agents, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed that it will have sent to each dealer to which it sells the Covered Bonds (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the applicable Distribution Compliance Period, an offer or sale of Registered Covered Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Any resale or other transfer, or attempted resale or other transfer of Covered Bonds made other than in compliance with the restrictions set out above and below shall not be recognised by the Issuer or any of its agents. The certificates for the Covered Bonds sold in the United States shall bear a legend to this effect.

Each issuance of Index Linked Covered Bonds or Dual Currency Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Covered Bonds which additional selling restrictions shall be set out in the applicable Final Terms.

Bearer Covered Bonds

Bearer Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, and Treasury regulations promulgated thereunder.

In addition in respect of Swiss Domestic Covered Bonds, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that (i) the Swiss Domestic Covered Bonds will be offered and sold in accordance with practices and documentation customary in Switzerland, (ii) each Dealer will use reasonable efforts to sell the Swiss Domestic Covered Bonds within Switzerland, (iii) more than 80 per cent. by value of the Notes included in an offering that includes Swiss Domestic Covered Bonds are or will be offered and sold to persons who are not distributors (as defined in the United States

Treasury Regulation Section 1.163-5(c)(2)(i)(D)(4)) by distributors (as so defined) maintaining an office located in Switzerland and (iv) the issuance of the Swiss Domestic Covered Bonds may be subject to guidelines or restrictions imposed by governmental, banking or securities authorities in Switzerland and each Dealer agrees to comply with such guidelines and restrictions.

Registered Covered Bonds

Offers, sales, resales and other transfers of Registered Covered Bonds in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be effected pursuant to an exemption from the registration requirements of the Securities Act.

Offers, sales, resales and other transfers of Registered Covered Bonds made in the United States will be made only to institutional investors that are reasonably believed to qualify as qualified institutional buyers (as defined in Rule 144A) (each such institutional investor being hereinafter referred to as a “**qualified institutional buyer**” or “**QIB**”) in a transaction otherwise meeting the requirements of Rule 144A.

Each Registered Covered Bond shall contain a legend in substantially the following form: “THIS COVERED BOND HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). THE HOLDER HEREOF, BY PURCHASING THIS COVERED BOND, AGREES FOR THE BENEFIT OF DNB BOLIGKREDITT AS (THE “**ISSUER**”) THAT THIS COVERED BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER OR A DEALER (AS DEFINED IN THE PROSPECTUS), (2) SO LONG AS THIS COVERED BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (B) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS COVERED BOND, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS COVERED BOND FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

By its purchase of any Covered Bonds, each investor in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Covered Bond purchased by it (to the extent still applicable) and each such purchaser shall be deemed to have represented to the Issuer and the Dealer, if applicable, that

- (a) It is (i) a QIB, (ii) acquiring such Covered Bonds for its own account or for the account of a QIB and (iii) aware, and each beneficial owner of such Covered Bonds has been advised, that the sale of such Covered Bonds to it is being made in reliance on Rule 144A.
- (b) The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Covered Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (c) It understands that the Covered Bonds offered in reliance on Rule 144A will be represented by the Restricted Global Covered Bond. Before any interest in the

Restricted Global Covered Bond may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Covered Bond, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Pursuant to the Programme Agreement, the Issuer has agreed to indemnify the Dealers against, or to contribute to losses arising out of, certain liabilities, including liabilities under certain securities laws, in respect of Covered Bonds.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) if the final terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and

amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Covered Bonds having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Norway

Covered Bonds denominated in Norwegian kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Covered Bonds prior thereto having been registered in the Norwegian Central Securities Depository.

Denmark

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold and will not offer, sell or deliver any Covered Bonds directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act No. 959 of 11 August 2010, as amended from time to time and any Orders issued thereunder.

The Netherlands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Covered Bonds (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Prospectus or any other document in relation to any offering of the Covered Bonds (or any interest therein) may be distributed or circulated in the Netherlands, other than to professional market parties (“**PMPs**”) within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive such as banks, insurance companies, securities firms, collective investment undertakings and pension funds), provided that these parties acquire the relevant Covered Bonds for their own account or that of an other PMP.

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that bearer Zero Coupon Covered Bonds in definitive bearer form and other bearer securities in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “SCA”) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold and will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Fiscal Agent, the Arranger nor any other Dealer shall have any responsibility therefor.

None of the Issuer, the Fiscal Agent, the Arranger nor any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment and the subsequent updates of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the meeting of the Board of Directors of the Issuer dated 19 January 2012.

Approval, Listing of Covered Bonds and Admission to Trading on the Luxembourg Stock Exchange

Application has been made to the CSSF for the approval of this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as amended (which includes the amendments made by the 2010 PD Amending Directive to the extent that such amendments have been implemented in a Member State of the European Economic Area). Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme (other than VP Systems Covered Bonds) during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

Documents Available

For as long as the Programme remains valid with the Luxembourg Stock Exchange, copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg (where applicable, with an English translation thereof):

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the forms of the Temporary Bearer Global Covered Bonds, the Permanent Bearer Global Covered Bonds, the definitive Bearer Covered Bond, the Registered Covered Bond, the Swiss Global Covered Bond, the Receipts, the Coupons and the Talons; and
- (iii) in the case of each issue of Covered Bonds admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

For as long as the Programme remains valid with the Luxembourg Stock Exchange, copies of the following documents will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu and, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) a copy of this Prospectus and any Final Terms relating to Covered Bonds which are admitted to trading on the Luxembourg Stock Exchange's regulated market or for definitive listing on the standard for bonds of the SIX Swiss Exchange;
- (ii) any future prospectuses, information memoranda and supplements to the Prospectus and any other documents incorporated herein or therein by reference;
- (iii) the audited annual financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011 in each case together with the auditors' report thereon; and
- (iv) the unaudited interim financial statements of the Issuer as at, and for the period ended, 31 March 2012.

Clearing Systems

The Covered Bonds have been accepted for clearance through Euroclear, Clearstream, Luxembourg and SIX SIS AG. The appropriate Common Code, ISIN and Swiss Security Number (as appropriate) for each Tranche of Bearer Covered Bonds allocated by Euroclear, Clearstream, Luxembourg and SIX SIS AG will be specified in the applicable Final Terms. In addition, the Issuer will make an application for any Registered Covered Bonds to be accepted for trading in book-entry form by DTC. The CUSIP number for each Tranche of Registered Covered Bonds, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Covered Bonds are to clear through an additional or alternative clearing system (including VPS, VP or VPC), the appropriate information will be specified in the applicable Final Terms. Euroclear, Clearstream, Luxembourg, DTC, SIX SIS AG, VPS, VP and VPC are the entities in charge of keeping the records.

The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg; the address of DTC is 55 Water Street, New York, NY 10041-0099, USA; the address of SIX SIS AG is Baslerstrasse 100, CH-4600 Olten, Switzerland; the address of the VPS is Biskop Gunnerusgate, 14A, 0185 Oslo; the address of the VP is Helgeshøj Alle´ 61, DK-2630 Taastrup, Denmark; and the address of the VPC is Regeringsgaten 65, SE-103 97 Stockholm, Sweden.

Conditions for Determining Price

The issue price and amount of the Covered Bonds of any Tranche to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of the issue of such Tranche in accordance with prevailing market conditions.

Material Change and Significant Change

Since 31 December 2011, there has been no material adverse change in the prospects of the Issuer and, since 31 March 2012, there has been no significant change in the financial or trading position of the Issuer or the Group.

Litigation

The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.

Auditors

The Issuer's accounts for each of the financial year ended 31 December 2011 and 31 December 2010 were audited by Ernst & Young AS of Oslo Atrium, Dronning Eufemias gate 6, 0051 Oslo, state authorised public accountants who were appointed to act for the Issuer with effect from 30 April 2008. Ernst & Young AS is a member of the Norwegian Institute of Public Accountants.

Post-issuance Information

The Issuer does not intend to provide any post-issuance information in relation to assets underlying issues of Covered Bonds constituting derivative securities.

GLOSSARY

In this Prospectus, the following defined terms have the meanings set out below:

"2010 PD Amending Directive" means as amended Directive 2010/73/EU.

"Accrual Period" shall mean the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant Payment Date.

"Agency Agreement" shall mean the agency agreement (as amended and restated on 20 June 2008, 19 June 2009, 17 June 2010 and 17 June 2011 and as may be amended or supplemented from time to time) dated 25 June 2007 between the Issuer, Fiscal Agent and the other agents.

"Amortised Face Amount" shall have the meaning given to it in Condition 5(e) (Early Redemption Amounts) of the Terms and Conditions of the Covered Bonds.

"Applicable Procedures" shall mean, in relation to the transfer and/or exchange of a beneficial interest in the Registered Global Covered Bond, the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be.

"Bank" shall mean DNB Bank.

"Bankruptcy Administrator" shall mean the administrator of the bankruptcy estate appointed by the bankruptcy court in the case where a Financial Institution is declared bankrupt.

"Bearer Covered Bonds" shall mean Covered Bonds issued in bearer form.

"Beneficial Owner" shall mean the actual purchaser of a Registered Covered Bond.

"Business Day" shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

"CSSF" shall mean the *Commission de Surveillance du Secteur Financier*.

"Calculation Agent(s)" shall mean any calculation agent appointed in accordance with the Agency Agreement.

"Clearstream, Luxembourg" shall mean Clearstream Banking, *société anonyme*.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Depository" shall mean the common depository who receives the Temporary Bearer Global Covered Bonds (which are not intended to be issued in NGCB form) on or prior to the original issue date of the Tranche.

"Common Safekeeper" shall mean the common safekeeper who receives the Temporary Bearer Global Covered Bonds (which are intended to be issued in NGCB form) on or prior to the original issue date of the Tranche.

"Conditions" shall mean the conditions set forth in this Prospectus.

"Contingent Principal Covered Bonds" shall mean Dual Currency Covered Bonds together with the Index Linked Covered Bonds.

"Couponholders" shall mean the holders of the Coupons, and unless the context requires otherwise, the holders of Talons.

"Coupons" shall mean the interest coupons on interest bearing definitive Bearer Covered Bonds.

"Covered Bondholder" shall mean the holder of Covered Bonds.

"Covered Bonds" shall mean those covered bonds issued by the Issuer under the Programme in accordance with the Financial Institutions Act.

“Cover Pool” shall mean the cover pool as defined in the Financial Institutions Act.

“Creditors’ Committee” shall mean, in relation to any company, the creditors' committee appointed by the Norwegian bankruptcy court.

“DTC” shall mean The Depository Trust Company.

“Day Count Fraction” shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

“Deed of Covenant” shall mean the deed of covenant (as amended or supplemented from time to time) executed by the Issuer in relation to the Covered Bonds on 25 June 2007.

“Dealer” shall mean each entity specified as such in the Programme.

“Determination Period” shall mean the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after such date).

“Direct Participants” shall mean participants who deposit their securities with DTC.

“Distribution Compliance Period” shall mean the period that ends 40 days after completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer or, as the case may be, the Lead Manager.

“DNB Bank” shall mean DNB Bank ASA and its subsidiaries.

“DNB Group” shall mean DNB ASA and its subsidiaries.

“Dual Currency Covered Bonds” shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an exchange rate.

“EEA” shall mean European Economic Area.

“EURIBOR” shall mean the Euro-zone inter-bank offered rate.

“Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Communities, as amended.

“Euroclear” shall mean Euroclear Bank SA/NV.

“Exchange Act” shall mean the United States Securities Exchange Act of 1934 as amended.

“Exchange Date” shall mean the date on which interests in the Temporary Bearer Global Covered Bond are exchanged either for interests in a Permanent Bearer Global Covered Bond or for definitive Bearer Covered Bonds as the case may be.

“Exchange Event” shall mean (i) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Issuer, the Fiscal Agent, the other Paying Agents and the Covered Bondholder is available or, unless otherwise specified in the applicable Final Terms, (ii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (Taxation) which would not be required were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive bearer form and a certificate to such effect signed by two Directors of the Issuer has been given to the Fiscal Agent.

“Extended Maturity Date” shall mean the automatic monthly extension to the Maturity Date up to but not later than twelve months from the Maturity Date, subject as otherwise provided for in the applicable Final Terms, where the Issuer has failed to redeem the relevant Covered Bonds in full on the Maturity Date (or within two Business Days thereafter).

"FIEA" shall mean the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended).

"Financial Institutions" shall mean the Norwegian financial institutions as defined in the Financial Institutions Act which may issue covered bonds.

"Financial Institutions Act" shall mean Act No. 40 of 10 June 1988 on Financing Activity and Financial Institutions, Chapter 2, Sub-chapter IV and appurtenant regulations.

"Financing Legislation" shall mean the Financial Institutions Act and the Regulation.

"Fiscal Agent" shall mean Citibank, N.A. or any successor agent appointed in accordance with the Agency Agreement.

"Fitch" shall mean Fitch Ratings Limited.

"Fixed Interest Period" shall mean the period from (and including) as Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

"Fixed Rate Covered Bond" shall mean Covered Bonds which provide for interest based on a fixed rate.

"Floating Rate Covered Bond" shall mean Covered Bonds which provide for interest based on a floating rate.

"Further Covered Bonds" shall mean further covered bonds created and issued by the Issuer from time to time having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

"Government Loans" shall mean a loan guaranteed by certain governmental bodies which, pursuant to the Financial Institutions Act, can be included in the Cover Pool.

"Group" shall mean the DNB group.

"IRS" shall mean the United States Internal Revenue Service.

"Index Linked Covered Bonds" shall mean Covered Bonds which provide for principal payments to be contingent upon the value of an index.

"Index Linked Interest Covered Bonds" shall mean Covered Bonds which provide for payments of interest to be linked to an index.

"Index Linked Redemption Covered Bonds" shall mean Covered Bonds which provide for redemption amounts to be linked to an index.

"Indirect Participants" shall mean participants who clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly.

"Inspector" shall mean the independent inspector appointed under the Financial Institutions Act.

"Instalment Covered Bonds" shall mean Covered Bonds which provide for gradual redemption by the Issuer in instalments.

"Interest Amount" shall mean the amount of interest payable per Calculation Amount on the Floating Rate Covered Bonds or Index Linked Interest Covered Bonds for the relevant Interest Period as calculated by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent.

"Interest Payment Date" shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

"Intermediary" means SIX SIS AG or any other clearing institution recognised by the SIX Swiss Exchange.

“Investor’s Currency” shall mean the currency or currency unit in which an investor’s financial activities are denominated principally, other than a Specified Currency.

“Investor Put” shall mean the option of the Covered Bondholders to redeem certain Covered Bonds.

“ISDA Rate” shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

“ISDA Definitions” shall have the meaning given to it in Condition 3 (Interest) of the Terms and Conditions of the Covered Bonds.

“Issuer” shall mean DNB Boligkreditt AS.

“Issuer Call” shall mean the option of the Issuer to redeem certain Covered Bonds.

“Issuer Cover Pool” shall mean the cover pool maintained by the Issuer in accordance with the terms of the Financial Institutions Act (as amended by the Terms and Conditions of the Covered Bonds) which only consists of loans secured by mortgages within the meaning of a residential mortgage under the Financial Institutions Act, receivables in the form of certain derivatives agreements specified under the Financial Institutions Act and supplemental assets (as defined under the Financial Institutions Act).

“Law” shall mean the law of 23 December 2005 passed in Luxembourg.

“Laws” shall mean the laws of 21 June 2005 passed in Luxembourg, which implement the EC Council Directive 2003/48/EC.

“Legend” shall mean the legend set forth in the Restricted Global Covered Bond.

“Legended Covered Bonds” shall mean Covered Bonds which bear the Legend.

“LIBOR” shall mean the London inter-bank offered rate.

“London Business Day” shall mean a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

“Long Maturity Covered Bond” shall mean a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

“Markets in Financial Instruments Directive” shall mean Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments of 21 April 2004.

“Master Sale Agreement” shall mean the transfer agreement (as amended or supplemented from time to time and which replaced the master sale agreement entered into on 20 August 2009) between DNB Bank and the Issuer entered into on 16 February 2011.

“Maturity Date” shall mean the scheduled maturity date of such Covered Bonds as set out in the applicable Final Terms.

“Ministry” shall mean the Norwegian Ministry of Finance.

“Moody’s” shall mean Moody’s Investor Services Limited.

“Mortgages” shall mean the various types of mortgages which, pursuant to the Financial Institutions Act, may be the subject of security for loans that can be included in the Cover Pool.

“NGCB” and **“New Global Covered Bond”** shall mean those global Covered Bonds which are issued in new global Covered Bond form.

“Non-exempt Offer” shall mean an offer where the applicable Final Terms in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State.

“Non-U.S. Dollar Covered Bond” shall mean a Covered Bond denominated in a currency other than the U.S. dollar.

“Non-U.S. Holders” shall mean the beneficial owners of Non-U.S. Dollar Covered Bonds.

“Norwegian Regulations” shall mean the Regulations on mortgage credit institutions which issue bonds conferring a preferential claim over a cover pool consisting of public sector loans and loans secured on residential property or other real property (Covered Bonds).

“Norwegian Supplementary Regulations” shall mean any regulations laid down pursuant to the Financial Institutions Act supplementary to the Norwegian Regulations.

“OECD” shall mean the Organisation for Economic Co-operation and Development.

“OID” shall mean any original issue discount.

“Other Property Mortgages” shall mean mortgages over other real property to the extent not Residential Mortgages.

“Partly Paid Covered Bonds” shall mean Covered Bonds which are issued partly paid.

“Paying Agent” shall mean Citibank, N.A. and any additional or successor paying agent(s) appointed in accordance with the terms of the Agency Agreement.

“Paying Agents” shall mean the Paying Agent and the Fiscal Agent.

“Payment Day” shall have the meaning given to it in Condition 4 (Payments) of the Terms and Conditions of the Covered Bonds.

“Permanent Bearer Global Covered Bond” shall mean a permanent global Covered Bond.

“Principal Swiss Paying Agent”, in respect of Swiss Domestic Covered Bonds, has the meaning given to it in the applicable Final Terms.

“Proceedings” shall mean any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Covered Bonds, the Receipts and/or the Coupons.

“Programme” shall mean the €60,000,000,000 Covered Bond Programme of DNB Boligkreditt AS.

“Programme Agreement” shall mean the Programme Agreement (as amended and restated on 20 June 2008, 19 June 2009, 17 June 2010 and 17 June 2011 and as amended or supplemented from time to time) between the Issuer and Barclays Bank PLC and the other dealers named therein dated 25 June 2007.

“Prospectus Directive” shall mean Directive 2003/71/EC and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State, and includes any relevant implementing measure in the Relevant Member State.

“QIBs” shall mean qualified institutional buyers within the meaning of Rule 144A under the Securities Act.

“Receipts” shall mean the receipts for the payment of the instalments of principal (other than the final instalment) of Definitive Bearer Covered Bonds.

“Receiptholders” shall mean the holders of the Receipts.

“Record Date” shall have the meaning ascribed to it in Condition 4(c) (Presentation of Covered Bonds, Receipts and Coupons) of the Terms and Conditions of the Covered Bonds.

“Redeemed Covered Bonds” shall mean Covered Bonds (or, as the case may be, parts of Registered Covered Bonds) to be redeemed.

“Reg. S Global Covered Bond” shall mean a permanent global Covered Bond in registered form, without interest coupons sold outside the United States in reliance on Regulation S of the Securities Act.

“Registered Covered Bonds” shall mean Covered Bonds issued in registered form.

“Registrar” shall mean Citigroup Global Markets Deutschland AG or any successor registrar appointed in accordance with the Agency Agreement.

“Relevant Date” shall mean the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of VP Systems Covered Bonds, the holders of the VP Systems Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with the Condition 13 (Notices).

“Relevant Factor” shall mean an index or formula, changes in the prices of securities or commodities, movements in currency exchange rates or other factors, each being reference factors used to determine principal or interest of Covered Bonds.

“Relevant Member State” shall mean each Member State of the EEA which has implemented the Prospectus Directive.

“Relevant Implementation Date” shall mean the date on which the Prospective Directive is implemented in that Relevant Member State.

“Residential Mortgages” shall have the meaning ascribed to it in the Financial Institutions Act.

“Restricted Global Covered Bonds” shall mean a restricted permanent global covered bond in registered form, without interest coupons sold in private transactions to QIBs.

“Registered Global Covered Bonds” shall mean Reg. S Global Covered Bonds together with Restricted Global Covered Bonds.

“Rule 144A” shall mean Rule 144A of the Securities Act.

“Safe Harbor Resales” shall mean any of the following resales of Covered Bonds: resales to the Issuer or a Dealer; resales to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB or QIBs, in a transaction meeting the requirements of Rule 144A; resales in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act; or resales pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available).

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Selection Date” shall have the meaning given to it in Condition 5 (Redemption and Purchase) of the Terms and Conditions of the Covered Bonds.

“Series” shall mean a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

“Service Agreement” shall mean the service agreement (as amended or supplemented from time to time and which replaced the service agreement entered into on 20 August 2009) between DNB Bank and the Issuer entered into on 16 February 2011.

“Short-Term Covered Bond” shall mean a Covered Bond which has a fixed maturity date not more than one year from the date of issue.

"SIX SIS AG" shall mean SIX SIS AG, the Swiss Securities Services Corporation located in Olten, Switzerland and any other clearing institution recognised by the SIX Swiss Exchange.

"SIX Swiss Exchange" shall mean SIX Swiss Exchange AG.

"Specified Currency" shall mean each of Euro, Sterling, U.S. dollars, Swiss Francs, Yen, Norwegian kroner, Danish kroner, Swedish kronor and, subject to any applicable legal or regulatory restrictions and any applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealer.

"Standard & Poor's" or **"S&P"** shall mean Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc.

"Statutory Register" shall mean the register of the Covered Bonds and the Cover Pool maintained by the Issuer in accordance with the terms of the Financial Institutions Act.

"Swiss Domestic Covered Bonds" shall mean Bearer Covered Bonds which are denominated in Swiss Francs, unless otherwise specified in the applicable Final Terms.

"Swiss Global Covered Bonds" shall mean Swiss Domestic Covered Bonds which are represented upon issue by a permanent global covered bond and are deposited with the Intermediary.

"Swiss Paying Agent", in respect of Swiss Domestic Covered Bonds, has the meaning given to it in the applicable Final Terms.

"Talons" shall mean talons for further Coupons.

"TARGET System" shall mean the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System or any successor thereto.

"Treasury Regulations" shall mean the Treasury regulations promulgated under the Code.

"Temporary Bearer Global Covered Bond" shall mean the temporary global Covered Bond in bearer form which will initially represent the Bearer Covered Bonds of each Tranche.

"Transfer Certificate" shall mean a transfer certificate substantially in the form set out in the Agency Agreement.

"Terms and Conditions of the Covered Bonds" shall mean in relation to the Covered Bonds, the terms and conditions to be endorsed on, attached to, or incorporated by reference into, the Covered Bonds, and any reference to a particular numbered Condition shall be construed in relation to the Covered Bonds accordingly.

"Territories" shall mean certain dependent and associated territories of the EU Member States.

"Transfer Agents" shall mean Citibank, N.A. and any additional or successor transfer agent(s) appointed in accordance with the terms of the Agency Agreement.

"Tranche" shall mean Covered Bonds which are identical in all respects (including as to listing).

"U.S. Holder" shall mean a beneficial owner of a Covered Bond that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any State thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons have the authority to control all substantial decisions with respect to the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

"United States Person" shall mean a United States person for the U.S. federal income tax purposes.

“**VP**” shall mean VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository;

“**VPC**” shall mean Nordic Central Securities Depository (*NCSD Systems Aktiebolag*), the Swedish central securities depository;

“**VPS**” shall mean the Norwegian Central Securities Depository, the *Verdipapirsentralen*.

“**VPS Account Manager**” shall mean DNB Bank ASA, *Verdipapirservice*.

“**VP Systems Account Manager**” shall mean DNB Bank ASA, *Verdipapirservice* in its capacity as the VPS Account Manager and/or any other agent appointed by the Issuer from time to time in relation to the VP Systems Covered Bonds.

“**VP Systems Covered Bonds**” shall mean Covered Bonds issued in uncertified book entry form cleared through VPS, VP, VPC or any other relevant clearing system.

“**VP Systems Letter**” shall mean letter sent by the Issuer to the Fiscal Agent on the issue of VP Systems Covered Bonds which sets out the terms of relevant issue of VP Systems Covered Bonds in the form of Final Terms attached thereto.

“**Zero Coupon Covered Bonds**” shall mean Covered Bonds which provide that no interest is payable.

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